

MONTREAL

MBA CASE COMPETITION

REPORT

Concordia University

February, 1982

Written by: Nora Kelly
Annette Wilde

Supervisor: Prof. K. Riener
Finance

EXHIBITS

1. Minutes from Faculty Council.
2. Memo To: All Faculty etc. Signed Annette; Ken Riener.
3. Letter of May 26/81 from Dean Simon.
4. Letter of Dec. 4/81 to Prof. Patterson.
5. Letter of May 28/81 from Charles Drainin.
6. Letter of Oct. 22/81 to Prof. Lane from ALCAN.
7. Letter to MBA Students Assoc.
8. Letter of Nov. 9/81 to Director MBA Program.
9. Article from Time Magazine.
10. Rules & Regulations.
11. Rules & Regulations in French.
12. Letter of Feb. 1/82 from Dean Simon.
13. Areas of Interest.
14. Letter of Jan. 22/82.
15. Proposed Canadian National MBA Case Comp.
16. Letter of 14 août/81 to Casavant.
17. Letter of Jan. 19/82 to Claude Taylor.
18. Letter of Jan. 25/82 to Rowland Frazee.
19. PRESS KIT.
20. Schedule.
21. Judges Package.
22. Invitation.
23. Thank you letter.
24. Post Mortem.

Exhibits (cont'd)

- 25. Expenses.
- 27. Team Members.
- 28. Samantha.
- 29. Continental Reality.
- 30. Rebel Fire Apparatus.
- 31. Mayflower.

INTRODUCTION

The MBA Case Competition was an idea originating in the C.G.S.A. executive of 1980-81 and was passed by Faculty Council and Graduate Studies in the December 5, 1980 meeting. Each organizer (of which there were 2) would receive 3 credits for the efforts and the design, content, and execution of such a competition would be their responsibility. Funding of \$4,000 was donated by the Dean originating from the Internship Program. M.B.A. students were invited to contend for the position of co-organizer in the spring of 1981.(See Exhibits 1, 2, 3, 4)

Teams

The original plan for the Competition was that it be national in scope with M.B.A. schools from all ten provinces invited to participate. It soon became obvious however, that a competition of this magnitude would be too large an undertaking for the first year, organizationally speaking, and very expensive. Consequently, at a meeting held in early September 1981 with the Competition volunteers, it was agreed the competition become regional in nature, more specifically provincial. Schools to be invited were Concordia, McGill, HEC, Université du Québec à Montréal, Sherbrooke and Laval. It was thought that eight universities would constitute an exciting competition so invitations were also extended to Dalhousie in Halifax and the University of Ottawa. Despite an optimistic view on the part of the organizers regarding affirmative responses to invitations a realistic approach was taken to not hold the competition with less than four teams.

In October, invitations and the rules and regulations of the event were mailed to the selected schools requesting a reply by December 1, 1981. Supporting letters were sent to the Program Directors informing them of the Competition and urging them to encourage their students to participate. (See Exhibits 7, 8, 9, 10, 11)

Responses to Invitations

The responses to the invitations were very slow coming with two exceptions. Firstly, the Université du Québec à Montréal was interested in the event from the beginning and a representative of their student body participated in the majority of our organizational committee meetings. Secondly, the University of Ottawa responded almost immediately, very enthusiastic with the idea. The remainder of the universities was a different tale requiring many hours of correspondence, phone calls and persuasion. Before examining various problems associated with the various schools, it should be noted that a good deal of the schools do not have an active student council making it extremely difficult to reach the student body. Up to two weeks before the actual competition date the organizers were unsure of attracting even four universities and the fate of the event hung in the balance. The following is a brief summary of the contacts made with the universities:

1. Université du Québec à Montréal - UQAM

As noted previously UQAM was very supportive from the beginning. There was never any question of not participating. The individual team members were Michel Dugré, Charles LeBorgne, Louise Deslauriers and Paul Sauvé. UQAM has no student council but it has a very small enrollment and as such contact was no major problem. Annette arranged to announce the competition to one of the classes and had Prosper Bernard, Program Director, as contact person. Right away then, UQAM responded and became active participants.

2. McGill

McGill was not committed to participate until the week preceeding the competition. Although all correspondance had been forwarded the student body, it was not until late January at the MBA National Conference at McMaster University that we found out that McGill's student government consisted of one President and no one else. He claimed he had received nothing. In the interim we had contacted Professors Waters and Bennett (MBA Program Director & Management Professor respectively) who confirmed McGill's involvement in the event. There had obviously been a communication breakdown between faculty and students and at McMaster we provided McGill with all the necessary information. Once back in Montreal we again forwarded the same information to the students. Two weeks prior to the competition we requested Professor Pitsiladis, Concordia's Program Director, to call Professor Bennett and get a reply from him be it yes or no. Shortly following Professor Pitsiladis call, Professor Bennett called us confirming participation. Members of the McGill team were: Albert Benchimol, Lawrence Weiss (a first year student), Michel Gendron, and Glen Sauntry.

3. University of Ottawa

An enthusiastic response was received from Ottawa by return mail. Ottawa has a student council and right away selected their team. Members were: Audrey Robinson, Joeffrey Baird, Claude Tremblay, Lucie Lapointe-Shaw.

4. University of Laval

Laval has a student council but until early February were unsure they wanted to participate. Following many telephone conversations with the President, it became clear they had many questions concerning rules and regulations that needed clarification before they would agree to participate. A list of

questions and answers was compiled and subsequently mailed off to all schools. This satisfied them and the Laval team members were: David MacMurray, George El-Hage, Ammar Meviouma, and Mark Sparrow.

5. Sherbrooke

Sherbrooke has a student's council but dealing with them is difficult due to the fact the university runs a cooperative program and as such the student body changes each term. No interest could be raised this year.

6. H.E.C.

H.E.C. has a student council but dealing with them proved to be very time-consuming and in the end, fruitless. They were on again, off again in their decision to participate. We contacted the Director by phone and mail informing him of the competition and made a presentation to their students council, but the students couldn't be persuaded. They did not participate.

7. Dalhousie

Dalhousie did not participate as their reading week corresponded with ours and other plans had already been made.

National MBA Conference - Hamilton, Ont, Jan. 1982

We took advantage of the McMaster Conference to push the competition and encourage other schools from Ontario and the Maritimes to participate. Those that showed the most interest were Western, McMaster and Moncton. We had to inform Western they would not be eligible to attend as all our cases came from Western and this could be viewed by other teams as an unfair advantage. McMaster declined later as they could not rally up a team. The University of Moncton was very keen but in the end could not find the finances to send four team members to Montreal.

As the date of the Competition quickly approached and we did not yet have four committed teams, York and Queens were invited. Unfortunately it was very last minute and both schools declined the invitation. At approximately this same time we approached Dean Simon to request he put in an eleventh hour plea to all the Universities Program Directors to encourage participation. The Dean mailed out letters to all Directors immediately.(See Exhibit 12)

Conclusion

In the end the MBA Case Competition had five competing universities: McGill, UQAM, Ottawa, Laval and Concordia. For the first year of the competition five teams were very manageable and provided an exciting bilingual contest.

Recommendations

In light of the experience gained this year in dealing with the universities the administrations and student bodies, the following recommendations are presented:

1. Invitations to the universities should be sent in early summer and again in September. Invitations should be accompanied by an inclusive set of rules and regulations. All correspondence should be sent to Program Directors, Deans and Student Councils. In the event the university has no student representatives develop a student contact and deal through him or her.
2. Take advantage of the contacts our Dean has. In September, request he personally contact the Deans of Commerce of the other institutions.
3. Select a reasonable response date (preferably sometime in October) and impress the importance of respecting it.

4. AMBAQ can be very helpful in encouraging the University of Sherbrooke and HEC to participate.
5. Rules and regulations must be very well defined for the schools. Clarity of rules will expedite their decisions to participate.
6. It is recommended that the size of the competition be increased from 5 to 8 teams for the following reasons:
 - (i) Eight teams allows a true round robin match.
 - (ii) The competitive spirit would intensify.
 - (iii) With available finances and resources the competition could handle eight teams.
 - (iv) With the addition of Sherbrooke and HEC the competition would include all Quebec MBA schools.

The additional three teams therefore would be HEC, Sherbrooke and the University de Moncton. Moncton is the closest MBA school to the east of Quebec and a very enthusiastic school.

7. The competition should not exceed eight schools as the cost would be prohibitive. The eight universities, i.e., the five founding schools and the three above mentioned would provide a good contest and allow the event to remain bilingual in nature.

The Concordia Team

One member of the organizational committee volunteered to assume the responsibility of coordinating the selection and training of our Concordia team. Posters were hung in BE Building and the GM Building announcing the first meeting to be held on November 19, 1981, for all those interested in being on the team. Four individuals stepped forth as being interested and as things worked out, three of the four were eventual team members. Five others,

not present at the meeting were identified as possible contenders and later approached. All declined.

The original plan had Professor Kelly from the Management Department responsible for the final selection of team members. He wanted each individual to be filmed and then have the performance analyzed. Professor Kelly requested the Policy professors to identify their top students and encourage them to try out as team members. Each department with the Commerce faculty was asked to select a professor to provide training in his area to the chosen team. A professor from each department was subsequently named.

As with most plans, the eventual outcome was quite different than was originally envisaged. No sophisticated selection method was necessary as a fourth member was not identified until close to the competition date. Students were not interested in participating for a wide variety of reasons. The seminars organized with the professors, for the most part did not pan out. On the Friday before the competition Professor Herbert of the Management Department stepped forward and offered to act as coach to the team. He had a crash session on the Monday and provided moral support for our team throughout the week. Concordia University was represented by Robert Stewart, Anatoly Gann, David McDonald, and Antonia Zerbisias.

All in all the Concordia response to the competition was disappointing. Faculty response was minimal but the office of the Associate Dean as well as the Administrative Assistants were most supportive.

Recommendations

1. Select a member of the organizational committee to be responsible for the internal process of selection and training of team members. The two organizers should work closely with this individual to provide back-up

support if required and to ensure a sound plan of action has been formulated and is being followed.

2. Begin the recruiting exercise early on in the first term to ensure a team is promptly chosen and a training program begun. The competition is a very rigorous contest and an unprepared team is quickly eliminated.
3. Enlist the help of faculty and support staff. Arrange for seminars that are stimulating and relevant.
4. It is advisable that one team member be a first year student. This gives the university a decided advantage in the following year's competition and provides continuity.
5. Make use of the video equipment during training sessions to aid in the evaluation of performance.
6. Recruit one professor to act as coach to the team for the week of the debates.

Organizational Committee

The backbone of the competition is the volunteer support. Without them the work involved in organizing would be overwhelming.

Approximately twenty-five individuals volunteered their time to work on a variety of committees that dealt with specific areas of the competition. See Appendix. Of the original twenty-five approximately 15 followed through to the completion of the competition. It is imperative that the organizers stay in tune with the committees and are aware of decisions made, and progress etc. The organizers should hold meetings on a regular basis with the volunteers, keep them up-to-date on all happenings, include them in any major decisions and encourage them along so interest is maintained.(See Exhibit 13)

Although all committees are essential to ensure the success of the competition there are two areas in particular that must be headed by very dedicated individuals. Those are - judges committee and internal selection and training. Mrs. Margaret Head took complete charge of the "judges" committee and did an excellent job. It is recommended Margaret Head be approached again to take charge.

Recommendations

1. Recruit volunteers early in fall by approaching the first and second year students, post notices in the BE and GM Buildings, address first and second year classes, engage the help of the CGSA executive, advertise in the newsletter that is sent out by the MBA office to all students with the registration list and advertise in the GSA newsletter. Once the first year representative is elected to the CGSA get him or her to solicit volunteers from first year.
2. Have a regular time for organizational meetings for the purpose of updating, for instance every second Friday or at the very least, once a month.
3. Organizers must keep in close touch with the committee members.
4. Volunteers should also be recruited from the other universities in the Montreal area. Larry Weiss from this year's McGill team has already indicated his willingness to participate and UQAM will select a student representative. In the event HEC participates, request they choose a student as well. This will ensure all Montreal area universities participate in the organization and information is being passed on.

5. Invite a representative of AMBAQ, to be a member of the organizational committee as well as one of the judges from the 1982 competition. These members will serve as links to the business community.
6. Keep the MBA Director and the Dean of Commerce informed by way of a periodic progress reports and short interviews.
7. Inform the case competition faculty supervisor as well as other faculty members of meetings, and updates.
8. Keep minutes of all meetings and get arrangements, agreements in writing.

ORIGINAL PROPOSALS

It was originally our intention to have a competition that was national in scope in order to "enforce the recognition of Canadian MBA students across North America".

Having attended the MBA conference at MacMaster which was, to date, the only contact between MBA Schools it was felt that an academic competition would be a very useful manner of becoming aware of training in other schools. Such a competition for undergraduate commerce students is held annually at Queens, sponsored by the Financial Post and is held in high esteem across Canada.

After having researched material which was available and conferring with members of the Faculty and business community, we came up with the following objectives:

- (i) To have Canada's best MBA Students gathered together in Montreal and engaged in active competition.
- (ii) To encourage direct involvement of the Montreal business community with Canadian M.B.A. Schools and Students.
- (iii) To provide recognition for outstanding performance with wide exposure to the business community, academic world and the public at large.
- (iv) To stimulate greater interaction between Canadian MBA Schools.

As there are 24 universities in Canada with MBA Programs, we estimated an attendance of 16 schools. The judges panel was to be comprised of, 8 Montreal professors, 8 prominent members of Montreal business community and 8 nationally recognized individuals from across North America in business.

The competition would be bilingual in nature and was estimated to cost \$66,000 (See Exhibit 15). To fund this event we attempted to find one sponsor, or several co-sponsors (See Exhibit 16). Those contacted were:

Bank of Montreal	-	J. Green
Bank of Commerce	-	J.M. Casavant
Bank of Nova Scotia	-	A. Bisson
Alcan	-	C. Cross
Bank National du Cda.	-	J. Brouillard
Royal Bank	-	Raoul Coté
Ambaq.	-	G. Gavant

The selling points used were:

- (i) Recruiting possibility of Canada's best MBA s.
- (ii) National publicity.
- (iii) Name in the title.
- (iv) 1st option at remaining sponsor for next year.

The proposal, budget and covering letter were sent to the above mentioned persons in early August. All sent back speedy refusals. Due to the uncertainty of the event and the continuous restructuring, fund raising efforts lapsed until early December. It was also believed that Ambaq would do the fundraising for us. This proved to be a grave misunderstanding. After frequent contact with G. Lemelin, C. Remy, and G. Garant they agreed to sponsor our opening reception with \$500.00 and helpful advice.

In December we proceeded to contact Corby's, Molson's, Dunkin Donuts, Kraft and then in January, the list was expanded with the help of C. Cross at Alcan.

Mr. Cross had agreed to provide us with the awards (Alcan Geese) and suggested we write R. Frazee at the Royal Bank r.e. sponsorship of the awards banquet (See Exhibit 17, 18). This was done. He also suggested Claude Taylor at Air Canada, Mr. Bandeen at Canadian National, and Martha Hatch at Molson's. Mr. Cross also contributed \$500.00 towards bar expenses at the awards banquet. The end result was as follows (1st week in Feb.)

Alcan	\$500 (cheque)
Avon	\$250 (cheque)
Royal Bank	\$2,000 (bill to be forwarded)
Air Cda.	\$500 (bill to be forwarded)
Canadian National	\$500 (cheque)
Molson's	\$100 (cheque)
Dunkin Donuts	5 days x 2 dozen donuts
Ambaq.	\$500

Recommendations: Fundraising

1. Contact our present sponsors as early as possible.
 - (i) Royal Bank - Roland Frazee
 - (ii) Air Canada - Claude Taylor
 - (iii) Molson's - Knut Laurson
 - (iv) Canadian National - Mr. Lawry
 - (v) Avon - Mr. Lavigne
 - (vi) Dunkin Donuts - Mr. Babushkin
 - (vii) Corby's
2. Make sure you have someone involved with the CCMS and the BEC (most funding and judges came from these bodies).
3. Be specific as to how much money you want and what it is for.

4. Translation cost will have to be divided among the sponsors (this will be the largest cost and should not be forgotten).
5. Send out request for funds to all those that refused to be judges (with the exception of those already current sponsors).
6. Make presentations to
 - (i) Ambaq
 - (ii) CCMS and BEC
 - (iii) Institute of Mgt. Consultants.
7. Also send copies of publicity received this year.
- 8.* Secure funding from Deans Office - use this as an example of already secured funding.
9. Ask team members for a fee that will cover some of the food and drink expenses (e.g. \$50.00).
10. The fund request should contain:
 - (i) covering letter
 - (ii) proposal
 - (iii) budget
 - (iv) publicity
 - (v) recommendations
 - (vi) list of teams, judges, sponsors (already required, if possible).

CASES

The cases were found through the aid of Alex Radmanivich at Alcan who contacted a professor at Western by the name of Henry W. Lane (See Appendix). We asked that the cases be (i) of Canadian content, (ii) be as recent as possible, and (iii) be no longer than 10 pages plus appendices. (See Exhibit 6)

Mr. Lane sent us six cases which were sent directly to the Institute of Management Consultants who were to pick the four that were to be used and translated.

Those picked were (i) Samantha Sportswear, (ii) Continental Realty Ltd., (iii) Rebel Fire Apparatus, and (iv) Mayflower Paper Mills.

Recommendations

1. Due to lack of alternatives Professor Lane be contacted again (through Mr. A. Radmanivich) for new cases.
2. Stress the importance of the criteria (i) Canadian, (ii) recent, and (iii) ask for more than 6 cases (perhaps 10).
3. It is very important that Concordia (organizational committee) remain impartial so have them sent directly to the organization that will pick those to be used. This will have to be arranged before the cases are sent from Western.

INSTITUTE OF MANAGEMENT CONSULTANTS OF QUEBEC

The Institute was contacted with the aid of G. Garant of Ambaq who was asked to pick the cases and secure translation. Alain Roy, the President was extremely helpful and reliable and arranged the choosing and all translation of the cases. The cost of this was estimated at \$10,000. Mr. Roy also judged.

Recommendations

1. Translation costs cannot be carried by IMCQ again - they will have to be compensated by other sponsors.
2. The translation was excellent but the cases arrived very late causing alot of pressure, therefore cases should be found and chosen early in the year (preferably by October).
3. That the institute be asked again to pick the cases to be used.

PUBLICITY AND ADVERTISING

This year publicity did not begin until very close to the event. Many radio and newspaper reporters were contacted by mail which was followed up by phone calls. Antonio Zerbisias was in charge of the English Press and put together the press release which was latter translated and sent out to the French Press by Charles LeBorgne at U.Q.A.M. (See Exhibit 19).

The event was covered by:

- (i) Financial Post
- (ii) Montreal Matin (vi) CJAD (interview)
- (iii) La Presse (vii) CHOM (interview)
- (iv) The Gazette (i) CBC MIDDAY (interview)
- (v) Les Affaires
- (vi) Thursday Report

Recommendations

1. Media should be contacted earlier e.g. notified in late December and then again in mid January.
2. Periodic advertisements should be put in: (i) The Link, and (ii) The Thursday Report and other university papers, also University Affairs.

SOCIAL EVENTS

Our schedule of social events was as follows:

Tuesday:	9 a.m. coffee and donuts (BE)
	1 p.m. lunch (catered to BE Lounge)
	7 p.m. Ambaq wine and cheese reception (Faculty Club).
Wednesday	8 a.m. coffee and donuts (BE)
	1 p.m. lunch (catered by Clafouti)
	6 p.m. dinner (Faculty Club)
	11 p.m. night cap (Faculty Club)
Thursday	1 p.m. lunch (Faculty Club)
	7 p.m. dinner (Crêpe Bretonne)
	9 p.m. cocktail party (Winnie's Party Room)
Friday	9 a.m. coffee and donuts
	2 p.m. Awards Banquet (Ritz)

Recommendation

All events were very successful with the exception of Crêpe Bretonne where service was slow and the food was cold. A similar structure should work well.

DATE, TIMETABLE AND STRUCTURE

This year the competition was held from February 23 (Tuesday) to February 26 (Friday) (see schedule). Because we had 5 teams, each team debated twice with a final debate on Friday 26th. The dates were picked because (i) Jewish teams could not debate on weekend, and therefore (ii) the only days there would be classroom space available would be during reading week.

The rooms: BE 243, 245, 246, 247, 248, and 252 in which the teams prepared their cases and the judges read and marked the written presentations, were booked through J. Plamondon of Room Booking Services. H 420, 520, and 937 the same. The actual timetable was very tight and did not allow people the time to get from one place to another.

Recommendation.

1. There was a consensus that the competition should be field earlier in the term i.e. end of January, 1st week of February (MBA conference is in Mid. January).
2. Also, should be held over a weekend starting Thursday evening and ending Sunday afternoon.
3. If eight teams attend there can be a perfect round robin.
4. Allow 10 - 15 minutes between events to give people time to get where they are supposed to be.

JUDGES

The planning was very well organized. This years judges were (see Appendix) and the response was very positive. They were contacted by Margaret Head through the mail with (i) a short description of what it was, and (ii) a time table (see Appendix). Those who accepted were largely BE members. Many expressed the desire to participate again next year.

The judges met Tuesday evening (5 - 7 p.m.) in the Faculty Club to decide on the criteria to be used in the judging (See Exhibit 21). These criteria worked very well and can be used again (See Appendix).

Recommendations

1. Contact current judges.
2. Ask schools to pick their judge as soon as possible.
3. The co-ordination of judges is crucial to the success of the competition and must be well done.

Miscellaneous

The following items are considered to be miscellaneous but nonetheless worth documenting as they must be carried through.

1. Translation - All correspondance must be translated. Concordia has a very good translation bureau that also types the finished product. Allow approximately one week for translation. Translation services phone number is 879-5976 and the office is located on Mackay Street opposite Sir George.
2. Garnet Key - Concordia University has the Garnet Key Society whose mandate is to act as host/hostess to events being held on campus. Garnet Key representatives dressed in blazers guide & welcome guests to events.

We had the Garnet Key at all our social events as well as in the Hall Building for the debates. Contact the President at 879-4520.

3. Invitations - Invitations were made up and sent out to 400 individuals. Those invited were members of the faculty at participating schools, members of the business community taken from the Business Executives Club list of members from the CCMS. A copy of the invitation is attached.(See Exhibit 22)
4. Billets - out of town participants were asked whether they required lodging or not. Ottawa rented their own hotel rooms and we accommodated the team from Laval. It is suggested you begin your search for billets early on as the response to requests was poor. In the event that more out of town universities compete there could be a larger demand for housing.
5. Photographer - We contacted A.V. at Sir George and Loyola to provide photographers for the event. They wanted \$25/hour plus expenses. We decided against this route and two students volunteered to take pictures during the debates and at the receptions. This worked out very well and the pictures are excellent. The CCMS also arranged to have a photographer present. It is recommended that student volunteers be found to take pictures and that organizers arrange with CCMS to provide a professional.
6. Monitors - We arranged to have five of our students accompany the participating teams to the various rooms during the debate, keep them to their schedule etc. It is recommended that this procedure be continued as they were a great help to the teams, as well, it is imperative that someone be at the BE Building at all times when the teams are preparing their cases. This job is very time-consuming but absolutely necessary.

Someone must also be in charge of ensuring classrooms in the Hall Building are prepared and ready.

7. Gifts - Daily memorandums were purchased as gifts for the judges as a token of appreciation. They were purchased through British Leather.
8. Thank-Yous - Thank you letters were mailed out to sponsors, contributors, judges, AMBAQ, Assoc. of Management Consultants the week following the competition.(See Exhibit 23)
9. Typing - The organizers and several volunteers did all the typing of the cases. It is time consuming and there were complaints of the quality of the typing. It is therefore recommended that experienced typists be recruited from businesses around town. All typing is done in the GM Building as the support staff very kindly offered us the use of their typewriters. We had access to six typewriters and the photocopy machine. There was approximately four hours of typing per typist involved in the week long competition.
10. Donuts - donuts were collected from Dunkin Donuts on Ste. Catherine and Closse each morning by a volunteer and served at the BE Building with coffee.

POST MORTUM

A post mortum was held on Saturday, March 13th at which we received much concrete feedback (See Exhibit 24). It is suggested you repeat this. Evaluation sheets were distributed to all participants (i.e. judges, team members). See attachment.

CONTACTS

Concordia

Professor A. Claus - Q.M. Department - 879-4386

Professor K. Reiner - Finance Department - 879-8532

Professor T. Herbert - Management Department - 879-2866

Dean R. Wills - 879-4273

Antonio Zerbisias - 484-1265

Margaret Head - 636-6756 or 636-8120

McGill

Lawrence Weiss - 482-5506

Professor R. Bennett - 392-5808

Laval

Professor Lussier - (418) 656-2661

Ottawa

Geoffrey Baird - (613) 233-9761

Student Council - (613) 231-3462

UQAM

Professor Prosper Bernard

Professor Yvan Allaire

AMBAQ

Gerald Garant - 555 Boul. Dorchester W., #926, Mtl., H2Z 1B1, 866-2916

Institute of Management Consultants

Alain Roy - 1200 McGill College, Suite 700, Mtl., 866-3301

BUSINESS COMMUNITY

Mr. Creighton Cross - Alcan
1 Place Ville Marie
C.P. 6090
Montreal, Que.
H3C 3H2
Tele: 877-3290

Peter Mc Entyre
Chairman
Canada Cement Lafarge
606 Cathcart Street
Suite 508
Montreal, Que.
Tele: 861-1411 ext. 324

Mr. Frank Collins
Peat, Marwicks and Assoc.

STUDENT ASSOCIATIONS

Laval University
Assoc. des Participants à la Maîtrise
en Administration de Laval
University Laval
Saint Foy, Que.
E1K 7P4

Ottawa
M.B.A. Student Association
University of Ottawa
Faculty of Administration
115 Hullbrod Street
Ottawa, Ont.
K1N 6B5

HEC
Assoc. des Etudiants du MBA
HEC
5255 Ave. Decelles
Mtl., Que.
H3T 1V6

McGill
MBA Student Assoc.
Faculty of Management
McGill University
Montreal, Que.
H3A 1G5

EXHIBIT 1

It was moved by Prof. Crawford, seconded by Prof. Johns that an abstract be bound to the paper and that a copy of the abstract be circulated to Faculty.

For: 6
Against: 1
Abstention: 1

Carried

It was moved by Prof. Crawford, seconded by Prof. Laroche that a list of titles of the projects be circulated after link-up, first week in January.

Carried

It was mentioned that the Chairman should instruct the Director of the M.B.A. Program to get a list of titles of the papers done in the last five years and circulate to Faculty.

9. New Business

9.1 M.B.A. Case Competition

The Chairman read a memo from the C.G.S.A., Prof. Bergier, in charge of the internship program, stated that he strongly supported their request.

It was moved by Prof. Riener, seconded by Prof. Crawford that we authorize the students to organize the competition, this will fall under the internship program.

Carried

9.2 Honours/Graduate Programs

The Chairman stated that G.S.C. had been directed by Faculty Council to present an alternative method of calculation of GPAs to determine students who may qualify for honours.

The Chairman directed the Chairman of the Curriculum Sub-Committee to examine this and report back to us at the next regular G.S.C. meeting.

9.3 Statistics Requirement in the Ph.D. Program

The Director of the program stated that this issue was going to be examined at the next meeting of the Ph.D. Local Committee.



TO All Commerce Administration Faculty and Staff
FROM A.J.S. Wilde, Co-organizer of the Concordia M.B.A. Case Competition
DATE Mon. June 8, 1981

Next February, 1982, Concordia University will host the first Canadian National M.B.A. case competition. Though competitions of this kind are well established in the U.S.A., this will be the first in Canada.

Teams will be invited to participate from each university in Canada that offers an M.B.A. program, and the competition will be in the form of case debates presented to the judges. The judges will consist of professors and businessmen from Montreal, across the rest of Canada, and from the U.S.A.

This competition will offer special opportunities to all those who participate. Concordia's staff and students will gain recognition as leaders in the encouragement of inter-school competition; the Montreal business community as sponsors, spectators and judges will have the opportunity to get involved in management education; and student competitors will have their abilities recognized at a national level.

Should you wish any additional information about the competition, have any ideas, or would like to participate in the organization, do not hesitate to call or come see us. Our office is located in the Guy-Metro building room 201-5. The phone number is 879-4273. Your interest and involvement is crucial to the success of this project.

Sincerely yours
Annette Wilde

Annette Wilde

Ken Riener

Ken Riener, Supervisor

EXHIBIT 3

**OFFICE OF THE DEAN
FACULTY OF COMMERCE AND ADMINISTRATION**

1455 de Maisonneuve Blvd. West
Montreal, Quebec H3G 1M8



May 26, 1981

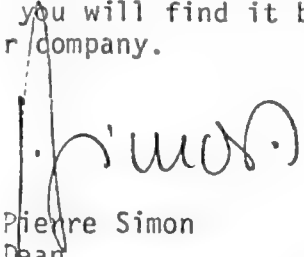
To Whom It May Concern,

Nora Kelly and Annette Wilde have been chosen by the Internship Committee of the Masters of Business Administration program to organize the first national M.B.A. case competition in Canada to be held at Concordia University.

Ms. Kelly and Ms. Wilde are second year M.B.A. students, and both are very active in student government. Ms. Wilde is Vice-President External and Ms. Kelly is Vice-President Internal of the Commerce Graduate Student's Association. These students are enthusiastic, mature and reliable.

We at Concordia University fully support the case competition as well as the two organizers responsible. We view the competition as an excellent opportunity for M.B.A. students across the country to meet in a challenging situation, and for local business to participate in the competition and its organization. Business people will not only have the opportunity to get involved in the academics of the M.B.A. program, but also meet Canada's most promising M.B.A. students and prominent professors in this field.

Should you and your company decide to become involved in the competition, we are sure that you will find it both interesting and beneficial to your company.


Pierre Simon
Dean
Commerce and Administration

PS/vm

CONCORDIA UNIVERSITY

EXHIBIT 4



MBA Case Competition

GM 201-5

December 4, 1981

Prof. C. Patterson
Chairman, Finance Dept.
Concordia University

Dear Prof. Patterson,

This letter is in reference to the credits allotted to the co-ordinators of the MBA Case Competition to be held at Concordia from February 22 to 25, 1982.

At the December 5, 1980 meeting of the Graduate Studies Committee it was moved and passed that the students selected to organize the MBA competition be allotted three credits. This was to fall under the internship program. Enclosed please find minutes of the December 5, 1980 Graduate Studies meeting.

We have been advised by Linda Angle, secretary to the Chairman, MBA, to request the Finance Department to set up a course in which the co-ordinators of the competition, Annette Wilde and Nora Kelly, be registered for the Winter 1982 term. This must be done as soon as possible to avoid late registration.

We thank you very much for your co-operation in this matter and invite you to participate in the Competition. If you have any questions please feel free to contact Annette or Nora at 879-8584.

Sincerely,

Nora Kelly and Annette Wilde

cc Ken Reiner

CONCORDIA UNIVERSITY

EXHIBIT 5



May 28, 1981.

TO WHOM IT MAY CONCERN:

This letter is in support of the M.B.A. Case Competition to be held at Concordia University next February.

Though competitions of this kind are well established in the U.S.A. this one will be the first in Canada. It is an important milestone in the development of management education.

A Case Competition offers special opportunities to all those who participate. Student competitors have their abilities recognized at the national level and members of the business community have an opportunity to see, as spectators and judges, a practical example of graduate-level management training.

Both Nora Kelly and Annette Wilde, the organizers of this Competition, are capable and reliable M.B.A. students actively involved in student affairs. As Director of the Concordia M.B.A. Program, I give them my full support. I am confident that they will make this challenging enterprise a success.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charles Draimin". The script is cursive and fluid.

Charles Draimin,
Director,
M.B.A. Program,
Graduate Studies,
Faculty of Commerce and Administration.

CD/lsa

(514) 879-4273

Aluminium du Canada, Ltée



1, Place Ville-Marie, Montréal. Adresse postale: C.P. 6090, Montréal, Québec, Canada H3C 3H2
Téléphone: 514/877-2340. Télex: 05-25236. Câbles: ALCAN

22 October 1981

Professor Henry W. Lane
University of Western Ontario
School of Business Administration
LONDON, Ontario
N6A 3K7

Dear Professor Lane:

Bob Burnett has encouraged me to write to you in an effort to help students at Concordia University organize a "case competition" among Quebec's six business schools. Alcan is involved with Concordia in many ways, one example being Mr. P.J.J. Rich's recent tenure as Chairman of the Concordia Centre for Management Studies.

The students require several case studies, meeting the following criteria:

- a) general subject matter covering several business disciplines;
- b) preferably Canadian content;
- c) academically of good quality; and
- d) not exceeding 12 pages, preferably 10.

My understanding is that an arbiter would choose a case, have it translated into French and, in the actual competition, allow five to six hours for preparation followed by a presentation and debate.

It is important that the case be unfamiliar to the participants.

.../2



- 2 -

Professor Henry W. Lane

22 October 1981

I would hope you could find the time to consider this request. The students are undertaking an ambitious project which, I believe, deserves support. If you require further information, I would be glad to act as intermediary with the students.

Sincerely yours,

A handwritten signature in cursive script that reads "Alex Radmanovich".

Alex Radmanovich

AR:BAR

cc: Mr. R.S. Burnet
Alcan Aluminium Limited
Montreal, Quebec

Miss Annette Wilde ✓
Concordia University
Graduate Students' Association
Montreal, Quebec

EXHIBIT 7

Commerce Graduate Students Assoc.
Concordia University
Sir George Williams Campus
1455 de Maisonneuve Blvd. West
Montreal, Quebec
H3G 1M8

M.B.A. Students Association

Dear M.B.A. Students,

The Concordia Commerce Graduate Students Association is organizing an M.B.A. Case Competition for February 1982 and would welcome your participation. The competition is the first of its kind to be held in Canada at the graduate level and will be fashioned after the M.B.A. tournament begun in 1977 at Cornell University.

For this, the first year of the competition, we are inviting the six M.B.A. schools in Quebec - McGill University, Université de Québec à Montreal, Hautes Etudes Commerciales, Université de Sherbrooke, Université Laval, Concordia University - the University of Ottawa, Ottawa, and Dalhousie University in Halifax, to participate.

The competition will take the form of a case analysis debate to be held in the Hall Building of Concordia University's Sir George Williams campus on February 24, 25, 26, 1982. Universities are asked to select a two to four person team to debate. Because the competition will be bilingual in nature and each team can debate in the language of their choice, one team member must be fluent in the other language.

Attached for your information are the Competition's goals and objectives, rules and procedures, and time-table of activities. There is no entrance fee and team representatives from out of town will be provided with lodging. All team participants will be provided with meals, coffee, pens, paper. There will be a welcoming reception, closing banquet and awards presentation.

We welcome your participation in the M.B.A. case competition and trust you will find it a stimulating and exciting experience. Letters of acceptance are due by December 1, 1981.

If you have any questions or need further information kindly contact one of the Case Competition co-ordinators, Nora Kelly or Annette Wilde at the above address or at (514)-879-8485 or 879-4273.

Sincerely yours,

Nora Kelly, Annette Wilde

CONCORDIA UNIVERSITY

EXHIBIT 8



Commerce Graduate Student's Association
Concordia University
Montreal, Quebec
November 9, 1981

Director, M.B.A. Program

Dear

The Commerce Graduate Student's Association of Concordia University is organizing a case competition for M.B.A. students to be modeled on the competition first held at Cornell University in 1977. Invitations to participate have been sent to the six M.B.A. schools in Quebec, the University of Ottawa, and Dalhousie University. The competition will be held on February 23, 24, 25, 1982 at Concordia University, Sir George Williams Campus.

Enclosed please find the objectives and goals of the event. We trust you will judge the competition worthwhile and encourage your M.B.A. students to participate.

We thank you for your cooperation and if you have any enquiries, the competition co-ordinators are Nora Kelly and Annette Wilde at (514) - 879-8584.

Sincerely yours,

CONCORDIA UNIVERSITY



L'Association des Etudiants du :
L'Université Concordia
Montréal, Québec

Prof.

Cher Monsieur,

L'Association des Etudiants du MBA organise un concours regional pour les étudiants qui font leur maitrise en Administration. La competition sera faite comme à l'Université de Cornell en 1977.

Nous avons envoyé des invitations aux six universités à Québec qui ont une programme de M.B.A. et, en plus, l'Université de Ottawa et l'Université Dalhousie. La competition aura lieu à l'Université Concordia, Campus Sir George Williams le 22, 24, et 25 février 1982.

Nous joignons à ces lignes un exemplaire de notre projet, établissant les objectifs et buts. Nous esperons que vous trouverez cette competition d'un niveau tel que vous encouragerez fortement vos étudiants à y participer.

Nous vous remercions de votre intérêt et co-opération, et si vous avez des questions ou suggestions, ne hesiter pas de nous contacter. Les co-ordinatrices de cette competition sont For a Kelly et Annette Wilde à (514)-879-8584.

Nous vous prions d'agréer, Monsieur, l'expression de nos sentiments les meilleurs.

Cordialement,

GM-201-5

SIR GEORGE WILLIAMS CAMPUS
1455 DE MAISONNEUVE BLVD. WEST
MONTREAL, QUEBEC H3G 1M8

es. Chicago's theorists produced eleven.

All teams met the noon deadline (Dartmouth with seconds to spare), adjourned for some sleep, then returned to spartan workrooms in the business school to prepare oral defenses.

With Orosy acting as M.C., Northwestern led off. It had proposed a long-range solution—expanding paper deliveries into neighboring communities but its defense seemed perfunctory. When one judge asked a tough question, nobody knew the answer. Wharton's chief adviser, Jules Schwartz, smiled tentatively and wrote on a slip of paper, "They've been had. Our guys are going to be more sharkish." Dartmouth is up next, and Curtis Welling, who already has a law degree, gesticulated in his best courtroom manner as he defended its rather undefined proposal to "establish a long-range planning committee." Judge Malcolm S. Forbes Jr. of *Forbes* magazine looked unimpressed: "Your ship has hit an economic iceberg, and you are recommending more suggestion boxes for the passengers."

Wharton's "sharkish" approach was to go for a short-term solution: initiating special advertising supplements and so increasing the price of the paper to the carriers, the paper boys. After all, said J. Michael Kenney, "it's just candy bars and milk shakes to them." Favored Chicago offered a series of remedies, including a decrease in the number of pages and increases in subscription and advertising rates.

Cornell's approach was long-term, and its defense articulate. The spokesman, Pat Jeffries the actor, said, "Our analysis indicates Ginn should focus on the next fiscal year." Cornell recommended increasing the price of the paper and reducing the width of the page from 6 1/2 in. to 5 1/2 in.

When the arguing was over, John Ginn himself spoke at the awards banquet: "I feel like the guy who went to a

psychiatrist and ended up in the show-room window of the biggest department store in town." He had decided on a long-term approach, he said, and waited until the next year to raise advertising rates and reduce the width of his pages. The I.P.C. now was flourishing.

In the manner of the Miss America contest, the runners-up were then announced—Carnegie-Mellon and Northwestern. And the winner? Cornell. Much cheering and drinking of toasts. Gary Orosy's idea had been a winner—almost. He did not get a job offer.

Bryn Mawr v. Coeducation

Should single-sex colleges turn coeducational? During the years of controversy over this issue, all-male Haverford College and neighboring all-female Bryn Mawr outside Philadelphia seemed to have worked out an admirable solution: a flourishing exchange program. In what Bryn Mawr billed as the "best of both worlds," the program offered a choice between traditional single-sex education and enrollment in any course at the other college. Up to 150 women and an equal number of men could live on the other campus.

But Haverford became restless. President John Coleman, 55, felt that his Quaker school was violating the sect's egalitarian views by refusing to admit women. He also believed that Haverford, worried about its financial well-being, would do well to expand from 750 students to about 1,000 by recruiting females. Last November the Haverford faculty voted almost unanimously to admit women, and the student body backed them up, 60% to 35%.

Bryn Mawr, however, saw Haverford's decision as a direct threat to its single-sex future. Officials and students felt that if Haverford went coed, the mix of students in the exchange program would change from a roughly fifty-fifty male-female ratio to two-thirds or more women. Thus, in a time of increasing competition for bright female students, Bryn Mawr's special situation would no longer look so attractive.

In the end, Haverford's board of managers—including two members who also serve on Bryn Mawr's governing board—saw things Bryn Mawr's way. Although it voted to allow women transfer students into Haverford's upper three classes, there are actually very few openings for transfer students. Bryn Mawr called the decision "a victory of coeducation through cooperation."

The action was clearly a defeat for Coleman, who resigned last week after ten years as Haverford's president. Four years ago, Coleman took a leave of absence and spent three months laboring as a garbage collector, dishwasher and ditchdigger. Now he says he will go to the state employment service and register for whatever is available.

WILSON

Born. To James Taylor, 29, and Carly Simon, 32, of pop fame: their second child and first son; in Manhattan. Name: Benjamin Simon. The birth was tape-recorded and preserved on Polaroid film.

Died. Gary M. Gilmore, 36, convicted murderer who was the first American to be executed in nearly a decade; shot by a firing squad; at the State Prison, Point of the Mountain, Utah (see THE LAW).

Died. Yuri Soloviev, 36, one of the world's leading ballet dancers; of a gunshot wound (apparently by his own hand); outside Leningrad. Soloviev's exuberant grace and brilliant interpretation of classic roles won him fans not only in the U.S.S.R. but in the West, where he toured with Leningrad's Kirov Ballet. Although he lacked the passionate dynamism of Rudolf Nureyev or Mikhail Baryshnikov's transparent, effortless style, some critics believed that he was fully the equal of those famed Soviet émigrés as a *premier danseur*.

Died. Dzemail Bijedic, 60, Premier of Yugoslavia; in a plane crash; near Sarajevo, Yugoslavia. The son of Moslem shopkeepers, Bijedic joined the Communist Youth Movement and in World War II fought the Nazis as a member of Tito's Partisans. He became a politician in his native Bosnia-Herzegovina, and was appointed Prime Minister by President Tito in 1971.

Died. Rear Admiral Daniel V. Gallery (ret.), 75, valorous World War II carrier commander; after a long illness; in Bethesda, Md. While commanding the escort carrier U.S.S. *Guadalcanal* in 1944, Gallery captured and took in tow a German submarine off the coast of French West Africa; it was the first enemy warship to be so nabbed by the U.S. Navy on the high seas since 1815.

Died. Carl Zuckmayer, 80, German playwright and satirist who wrote the screenplay for *The Blue Angel*, the 1929 film that made Marlene Dietrich a star; in Visp, Switzerland. Son of a Rhenish cork manufacturer, Zuckmayer won a pocketful of medals in World War I, then turned to writing. His immensely popular comedy about Prussian militarism, *The Captain of Köpenick* (1931), in which a shoemaker is able to take command of a town simply because he dons an army captain's uniform, earned Nazi wrath. After fleeing Hitler in 1933, Zuckmayer eventually settled on a farm in Vermont and wrote *The Devil's General*, a black-bile drama attacking the Nazi high command. When Germany collapsed, he returned to Europe to compile his affectionate, good-humored memoirs. *A Part of Myself*.

ENAMMENT (CORNELL TEAM AT REAR)



—surreptitiously." Two years later he writes his future wife: "It is such an odd thing that bright boys should be expected to be successful men ... Brightness disillusions." So the bright boy becomes the plodder, then the secret craftsman who will not publish his first book of poetry until the age of 44. The material world gains in importance and the rare leisure hours are steeped in philosophy. The demise of Stevens' mother is a presentiment of *Sunday Morning*. "Death is the mother of beauty, mystical. / Within whose burning bosom we devise / Our earthly mothers waiting, sleeplessly."

Holly Stevens is no Elliott Roosevelt, leaping in where Freud would fear to tread. But she does not shun legitimate speculation: Stevens' oblique, sensuous references and metaphors "bear deeply on a sexual relationship that may have some resemblance to that of my parents, regardless of whatever literary connotations may be brought to it." Miss Stevens is at her best describing the physical and intellectual ventures of her father—the failed newspaper reporter, the awkward courtier, the relentless reader and overheated connoisseur of painting and music. As for the public burgher, he too is shown in seedling form, as an honorable 19th century figure who believed that there was something disreputable about a poet who did not earn his own living. It is only upon examination of the spark gap of fact into idea, or material into metaphor that the author is helpless. "I cannot explain the leap from juvenile verses to *Sunday Morning*," she concludes, "but we have seen many intimations of its coming." Those intimations are reward enough for the Stevens appreciator. By the final chapter the creative act alone remains, as always, unreachable: in Wallace Stevens' memorable phrase, "the palm at the end of the mind." *Stefan Kanfer*

Best Sellers

FICTION

- 1—Trinity, Uris (1 last week)
- 2—Sleeping Murder, Christie (2)
- 3—Raise the Titanic!, Cussler (3)
- 4—Storm Warning, Higgins (4)
- 5—The Crash of '79, Erdman (6)
- 6—Slopstick, Vonnegut (5)
- 7—The Users, Haber (7)
- 8—Ceremony of the Innocent, Caldwell (8)
- 9—Touch Not the Cat, Stewart (9)
- 10—Blue Skies, No Candy, Greene (10)

NONFICTION

- 1—Roots, Haley (1)
- 2—Passages, Sheehy (2)
- 3—Your Erroneous Zones, Dyer (3)
- 4—Blind Ambition, Dean (5)
- 5—The Grass Is Always Greener over the Septic Tank, Bombeck (4)
- 6—The Hite Report, Hite (6)
- 7—Adolf Hitler, Toland (7)
- 8—Letters of E.B. White, White (10)
- 9—The Right and the Power, Jaworski (8)
- 10—A Civil Tongue, Newman

Tourney of Young Tycoons

John Ginn, president of the Independent Publishing Co., had a problem. The previous spring he had taken over I.P.C., which publishes morning and afternoon papers in Anderson, S.C. His bosses at Harte-Hanks Newspapers Inc. set certain goals and promised him a bonus if he met them (\$6,800 if he did well, \$12,000 if he did very well). But by fall the economy turned sour, lots of readers canceled their subscriptions, and advertising began to slip. Ginn's bonus was in jeopardy. What should he do?

That was the question thrown to 32 graduate students, representing eight major business schools competing this month in the Cornell M.B.A. (Masters of Business Administration) tournament, the nation's first intercollegiate competition involving business problem solving. TIME Education Reporter Paul Witteman attended the tourney and filed this report:

The M.B.A. tournament is largely the creation of Gary D.J. Orosy, 23, a second-year Cornell student from Montvale, N.J., who likes to wear three-piece suits complete with gold watch tab and chains. He is given to statements like "They don't crown No. 2 in life."

Orosy and a classmate were drinking beer one night last year, lamenting the fact that other business schools had higher reputations than theirs. Thus the great idea: Why not invite the others to Ithaca to compete? According to a survey in M.B.A. magazine, business school deans ranked the top nine in employment value as Harvard, Stanford, Chicago, Wharton School of Finance, Michigan, M.I.T., Carnegie-Mellon, Northwestern and Dartmouth (Cornell tied for 14th). Harvard loftily declined to compete, and Stanford said Ithaca was too far away, but the others all agreed to send four-member teams.

Aside from institutional rivalry, the tournament offered a comparison of various teaching techniques. Although the contest used the "case method"—familiar at Harvard—that is, the examination and solution of specific problems like that of Publisher Ginn—several of the schools favor other systems. Chicago is known as a "theory" school where students learn general concepts, then apply them to specific cases. Carnegie-Mellon and M.I.T. are strong in statistics and math; their students can "crunch the numbers." Wharton is reputed to produce hard-nosed decision makers—bottom-line types. Cornell, which uses a combination of the case study and theory methods, was clearly the underdog. Said Team Member David Tushingham: "If we are simply perceived as having achieved parity with the other schools, we will have done something for Cornell." The results were to be judged by five business experts. They were also judged unofficially by 30 or so corporate recruiters on the lookout for prospective tycoons.

Pizza Break. After the teams were informed of John Ginn's problem, which took 72 pages in all to describe, they had 22 hours to write a solution. In most cases it was an all-night process. Cornell's Pat Jeffries worked at a blackboard and worried about his presentation ("I'm an actor, and part of the competition is theater"). Team member Tom Mulligan nibbled chocolate-chip cookies and poked at his minicomputer. Said Cornell's Nancy Read in the snafu hours: "As the evening has progressed we have done nothing but enlarge the scope of our ignorance." Knowing no one greeted her, and the team decided to take a 1 a.m. pizza break. The reporters were limited to five typewritten pages, but there was no restriction on appen-

GARY OROSY EXPLAINING THE RULES AT MASTERS OF BUSINESS ADMINISTRATION

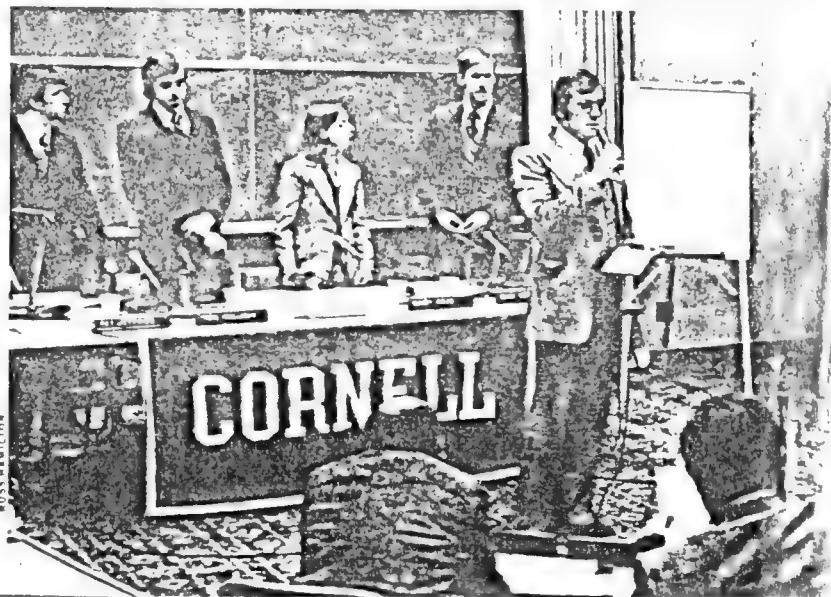


EXHIBIT 10

The Commerce Graduate Students Association

Rules for the Quebec M.B.A. Case Competition

I Eligibility

The tournament is open to students registered in an M.B.A. program of invited universities. No undergraduate candidates are eligible.

II Selection of Team

Each school should select their team in such a way as to be best represented in the tournament. Teams will consist of a minimum of two members, maximum of four. Each team must have at least one person capable of debating in the other official language.

III The Cases

Possible cases will be identified by the organizational committee and the final selection will be made by the judges, one hour before distribution to the teams.

Whenever possible, the case will be one that has not been seen ~~or~~ or used by any of the competing teams.

The cases will be of general business issues and may include notes on the industry and other relevant background material. Wherever possible, the case will describe a Canadian firm. No outside help is allowed.

The cases will be distributed at the designated times specified on the schedule.

IV Case Preparation

Each team will submit an outline of their case analysis not to exceed five typewritten pages with no restriction on appendices. Written case analysis must be handed in to judges a minimum of 3 hours before debate time scheduled for that case. Once the cases have been submitted to the judges committee, they become the property of the organizational committee and will not be released until the debate has ended.

Any violation of these rules will result in the removal of the violating team from the debate.

No team identification shall appear on the written case analysis. Cases will be assigned random numbers for identification purposes.

V Written Presentation Judging

The written presentation will account for 30% of the total points available. Each of the judges will be allowed to assign up to 100 points to each written presentation. The score will then be an average of all these scores. Therefore the total score for a team's written presentation will be between 0 and 100 points, accounting for 30% of the total.

After the papers have been handed in, the judges will have three hours in which to read them. The judges will then be allowed to discuss the papers as a group with reference to points of interest in specific areas. Each judge will then individually assign up to 100 points to each written presentation, according to his evaluation of that presentation.

VI Judges

Professors of Commerce will be invited from each participating school. The choice of the professor will be at the discretion of the university or the appropriate Commerce Students' Association. The remainder of the judges will be chosen by the organizational committee and will come from the Montreal business community.

The judges will receive the cases at the same time as the teams do. In addition, the judges will work as a group to establish standards for comparison in order to maintain consistency across teams.

VII Debate

Each team will be allowed 45 minutes to verbally present their case analysis. No audio-visual equipment will be allowed. The order of debate presentations will be selected at random (flip a coin) at the beginning of each series. The remaining time allotted to series will be spent in open debate between the two teams in the form of a question and answer period. The judges will also be given the opportunity to ask any further questions.

The verbal debate will account for 70% of the final mark. Each judge will be allowed to assign up to 100 points in each team. The score will be an average of all these scores. Therefore, the team's oral presentation will be between 0 and 100 points, accounting for 70% of the total.

When the debate is finished, the judges will be allotted one hour in which to submit the name of the winner based on the cumulative points.

VIII Debating

To begin, there will be four simultaneous debates. Scores will be allotted each time on verbal presentation. Each team will debate three times, round robin, the winners being decided at the end of the three rounds by highest number of points accumulated. The two finalists will debate to decide the winner.

EXHIBIT 11

Association des étudiants de 2^e et 3^e cycles en commerce

Règlements du concours

1. Admissibilité

Sont admissibles, les étudiants inscrits au programme de M.B.A. des universités invitées. Aucun étudiant de 1^{er} cycle n'est admis à participer aux débats.

2. Sélection des membres de l'équipe

Chaque école participante doit choisir ses meilleurs étudiants (l'équipe doit compter au minimum deux personnes et au maximum quatre personnes). En outre, un membre de l'équipe doit maîtriser l'autre langue officielle.

3. Les cas

Le Comité d'organisation détermine les cas de discussion possibles et les juges en font la sélection définitive une heure avant la distribution aux équipes. Autant que possible, on s'assurera qu'aucune des équipes participantes n'a pris connaissance du cas.

Les cas doivent porter sur des questions d'administration générale et il est possible d'y insérer des notes sur les entreprises et d'autre documentation pertinente. Autant que possible, le cas doit décrire une entreprise canadienne. Il n'est pas permis de recourir à de l'aide de l'extérieur. Les cas seront distribuées à l'heure fixée au programme.

4. Préparation du cas

Chaque équipe doit présenter les grandes lignes de son analyse de cas (au maximum cinq pages dactylographiées). Le nombre des annexes est illimité. L'analyse écrite du cas doit être remise aux membres du jury trois heures avant le moment fixé pour le débat. Elle devient alors la propriété du Comité d'organisation et ne peut pas être diffusée avant la fin du débat. L'équipe qui ne respecte pas ces règlements est exclue du débat. Il est interdit d'identifier l'équipe sur l'analyse écrite du cas auquel on assignera un numéro au hasard.

5. Notation de la description écrite

L'exposé écrit compte pour 30% du total des points. Chacun des membres du jury peut attribuer jusqu'à 100 points à chaque exposé écrit. La moyenne de toutes les notes attribuées constitue la note finale. Par conséquent, une équipe peut recevoir pour sa description écrite entre 0 et 100 points qui comptent pour 30% du total.

Les membres du jury ont trois heures pour lire les exposés; ils peuvent ensuite en discuter en groupe par rapport aux points d'intérêt des domaines particuliers après quoi, chaque juge attribue jusqu'à 100 points selon son évaluation de l'exposé écrit.

6. Juges

Chaque école participante doit inviter un professeur de commerce à faire partie du jury. Le choix des professeurs est fait à la discrétion de l'Université ou de l'Association des étudiants en commerce. Les autres juges seront choisis par le Comité d'organisation et proviendront du milieu montréalais des affaires.

Les juges reçoivent les exposés des cas en même temps que les équipes. En outre, ils fixent en groupe les critères de comparaison et de questionnement afin qu'ils soient uniformes.

Débat

Chaque équipe a 45 minutes pour présenter oralement son analyse de cas. Aucun moyen audiovisuel n'est permis.

L'ordre de présentation des débats est décidé au gré du hasard (en tirant à pile ou face) au début de chaque série. Les deux équipes sont soumises à une période ouverte de questions s'il reste du temps à la fin de la série. Les juges ont également la possibilité de poser d'autres questions.

Le débat compte pour 70% de la note finale. Chaque membre du jury doit attribuer jusqu'à 100 points à chaque équipe. La moyenne de toutes ces notes constitue le résultat final. Par conséquent, l'équipe peut recevoir pour sa présentation orale entre 0 et 100 points qui comptent pour 70% du total.

Les juges ont une heure pour délibérer avant de proclamer l'équipe championne, c'est-à-dire celle qui a accumulé le plus de points.

Marché à suivre

Au début, quatre débats ont lieu simultanément. Des points sont attribués à chaque équipe pour l'exposé oral. Chaque équipe peut débattre le cas trois fois à tour de rôle; l'équipe qui a accumulé le plus de points à la fin des trois tours est proclamée victorieuse. Le débat des deux équipes finalistes décide du vainqueur.

**OFFICE OF THE DEAN
FACULTY OF COMMERCE AND ADMINISTRATION**

1455 de Maisonneuve Blvd. West
Montreal, Quebec H3G 1M8



Doyen Alain Cousineau
Faculté d'administration
Université de Sherbrooke
Cité universitaire
Boulevard de l'université
Sherbrooke, Québec

1 February, 1982

Cher Collègue,

You must be aware of the Montreal MBA case competition sponsored by the Commerce Graduate Studies Association here at Concordia. I have enclosed information on the competition.

This is a very important event. I personally believe that your institution should be engaged in it. This only encourages quality in our MBA programmes and should this become an annual event on a rotating basis, it is important to start on the right foot.

I know that finances are scarce and time is expensive. However I still believe you may want to encourage your Program Directors, Student Associations, or individual students to help make this event a valuable one.

I would appreciate your calling me to give me your response. Looking forward to seeing you in Ottawa.

Sincerely,


Pierre Simon
Dean



AREAS OF INTEREST

- ① LIASON WITH BUSINESS SPONSERS: involving having meetings with possible sponsors, outlining what the competition is all about, what they could get out of it, what they could contribute (ie: money, or material things), and keeping them informed about how things are developing.
- ② PRESS AGENTS: involves putting together a package for the press detailing when, where, who etc., and making sure that we get some free publicity in the press by calling up the newspapers to see whether they would be interested in covering the competition.
- ③ ADVERTIZING: this involves designing advertisements for newspapers, posters etc. mainly through a printing service, to make sure we get adequate exposure, and arranging to have them printed and placed in different areas.
- ④ LIASON WITH OTHER SCHOOLS: this involves contacting the other universities in Canada with M.B.A. programs, telling them about the competition, and arranging for the different teams to come to Montreal.
- ⑤ LIASON WITH THE JUDGES: this involves contacting prominent professors from across the country and business men in Montreal and asking them to come to Montreal and act as judges in the team debates. (approx. 30) You would inform them about the competition, the details and arrange their transportation to, and stay in Montreal.

CONCORDIA UNIVERSITY



- ⑥ ORGANIZATION OF SOCIAL EVENTS: this involves arranging the receptions, parties and dinners for the three days: ie: with restaurants, Saga, and beer and liquor companies, and the hotel where everyone will stay.
- ⑦ ACCOUNTING: involves keeping the books so that all interested persons can see where the money is going and giving receipts.
- ⑧ CO-ORDINATORS: involving making sure that that people are informed about what others are doing, organizing meetings, and arranging that the competition itself runs smoothly.

CONCORDIA UNIVERSITY

EXHIBIT 14



January 22, 1982

Dear MBA Case Competition Participants,

Enclosed please find the schedule of events for the case competition, the rules and regulations, a question and answer sheet of potential queries you may have and a map of Concordia University.

As the date of the event draws near, we wish to give you an update of activities.

Teams receive the first case to be debated on Tuesday, February 23rd either by special delivery or in person from the BE Building of the Sir George Williams campus. Out of town teams can be accommodated with their billets on the Monday night if they wish to arrive on the Monday. If you require billets could you please let us know, as well as the date and time of arrival. Other information requested is:

- (1) Names of team members and, if possible, a picture of each participant
- (2) Name of professor from your university who will act as a judge
- (3) Accommodations desired by the professor, i.e., billet or hotel. If hotel accommodation is desired we will gladly arrange for a reservation.
- (4) Other interested persons from your university or city are very welcome to attend. It will not, however, be known until early February whether we can provide billeting for them.

To date, a number of interested and prominent Montreal area businessmen have accepted to judge the debates. There will be eight judges, one from each participating university, who will act as a core, that is, these eight will judge all four debates. Businessmen acting as judges can opt to judge any number of debates.

Throughout the four days a number of social events are planned to allow the teams and all those associated in any way with the competition a chance to meet and relax. On the final day a luncheon will be held and at that time awards will be presented to the winners.

The cases to be used in the debate were selected by a professor at the University of Western Ontario and forwarded to the co-ordinators of the case competition. The cases were then handed over, unopened, to an independent body, the Institute of Management Consultants of Quebec, to determine their acceptability. We have been informed by the Institute that the cases are most acceptable, interesting and are not unlike the cases dealt with in our MBA classrooms.

We trust that the information provided to you in this letter and the enclosures will give you a better feel and understanding of the competition. If you have any further questions or problems please contact us at (514) - 879-8584 or at the address below. We look forward to meeting you and to a week of debating. Good luck to you.

SIR GEORGE WILLIAMS CAMPUS
1455 DE MAISONNEUVE BLVD. WEST
MONTREAL, QUEBEC H3G 1M8

Sincerely yours,

Maureen Kelly and Phyllis W. P.
Co-ordinators Case Competition

CONCORDIA UNIVERSITY



le 22 janvier, 1982

Chers Participants,

Veillez trouver ci-inclus, l'horaire du concours, les règlements, une feuille de questions et réponses, et un plan de l'université Concordia.

Les équipes recevrant le premier cas mardi, le 23 février 1982 par livraison spéciale ou vous pourrez le remasser vous même au Pavillon BE à Sir George Williams. Les équipes hors de ville peuvent être loger le lundi s'ils desirant être présent le lundi. Si vous avez besoin de logement, veuillez nous indiquer combien de personnes, et le temps d'arriver. Nous désirons savoir les informations suivantes:

- (1) les noms de chaque participants ainsi qu'une photo de chacun si possible
- (2) le nom du professeur de votre université qui sera juge
- (3) logement désirez par le professeur, c'est à dire, si vous désirez passez le séjour à un hôtel, nous prendrons les arrangements
- (4) autres personnes de votre entourage désirant être présent seront les bienvenus, cependant, nous ne saurons qu'au début de février si nous pourrons les logés

A date un nombre d'hommes d'affaires prominent ont accepté de juger la compétition. Il y aura huit juges, un de chaque université participante, qui seront présent pour juger chaque débat. Durant les quatres jours de la compétition, un nombres de fonctions sociales ont été prévues et organisées afin que les juges et équipes puissent se reposer et s'amuser. Le dernier jour il y aura un banquet de clôture afin de remettre les prix décernés aux gagnants.

Les cas à être utilisés pour les débats on été choisis par un professeur à l'université de Western Ontario et été envoyés à la coordinatrice de la compétition. Ils ont par la suite, sans avoir été décachetés à l'Institut des Conseillers en Administration du Québec afin de déterminer si ils sont acceptables. Nous avons été informées que les cas sont acceptables, intéressants et du reste sont comparables au cas vus dans les classes du M.B.A.

En espérant que les informations ci-haut et pièces-jointes seront satisfaisantes. Pour de plus amples informations ou si vous avez des questions, n'hésitez pas à nous contacter à votre convenance.

En attendant le plaisir de vous voir et avoir l'honneur de participer ensemble aux débats.

Bonne chance.

Salutations distinguées,

Les Coordinatrices

EXHIBIT 15

Proposed Canadian National M.B.A. Case Competition
To Be Held in Montréal
February 1982

Proposed Canadian National M.B.A. Case Competition
Concordia University, February 1982

Organizers: Annette Wilde
Nora Kelly

Supervisor: Professor Ken Riener
Department of Finance, Concordia University

Tentative Date: February 23, 24 and 25, 1982 (during Concordia's reading week)

- Objectives:
1. To have Canada's best M.B.A. students gathered together in Montreal and engaged in active competition.
 2. To encourage direct involvement of the Montreal business community with Canadian M.B.A. schools and students.
 3. To provide recognition for outstanding performance with wide exposure to the business community, academic world and the public at large.
 4. To stimulate greater interaction between Canadian M.B.A. schools.

Goal: To enhance the recognition of Canadian M.B.A. students across North America.

Location: This competition will be held in Montreal, either at Concordia University or at the hotel at which the contestants and judges will be staying.

Case Competition: Assuming 16 teams of M.B.A. students will participate, four series of debates will be required. Eight teams would then be eliminated after the first round, four after the second and two after the third. The debates will take place between Wednesday morning and Thursday evening. Students, faculty and the business community will be welcome to attend all of the debates, and it is hoped to have television coverage of the final debate. Friday afternoon there will be a luncheon at which the prizes will be distributed and the closing ceremonies will take place. (See following Schedule of Events.)

. . . /2
Proposed Canadian National M.B.A. Case Competition
February 1982

Judges:

As eight simultaneous debates are estimated on the first day, twenty-four judges will be needed. Eight of these judges will be professors from Montreal, eight will be prominent members of the Montreal business community, and eight will be nationally recognized individuals from across North America in the area of Commerce and Administration. A large portion of these judges must be bilingual.

Teams:

There are twenty-three M.B.A. schools in Canada, six in Quebec and seventeen in the rest of Canada. Each school will be invited to send a team with a (minimum of two and a maximum of four students). A team may compete in either official language.

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Proposed Canadian National M.B.A. Case Competition
February 1982

The Sponsor

The company that sponsors this competition will realize several benefits from its financial involvement.

It is expected that this competition will attract the top students from the M.B.A. schools across Canada. The sponsoring company will thus have access to, and priority in the recruiting of highly qualified M.B.A. students.

The national publicity created by this competition will highlight the sponsor as not only actively involved in the advancement of academic affairs, but also as a supporter of French and English M.B.A. students. This would create a greater positive awareness in commerce students, as well as the public at large.

The sponsor's name will be incorporated in the official title of the competition and will appear in all advertisements and publicity. Members of the sponsor company will also be invited to participate in the various functions and may play an active part in the selection of cases to be debated. Also, as the competition is expected to become an annual event that will move from school to school, the sponsor will be given the first option to continue his participation.

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Proposed Canadian National M.B.A. Case Competition
February 1982

Estimated Budget

Office:

Phone: Installment fee	\$ 60.00	
Service charge	345.00	
Long-distance calls	2,475.00	
Answering service	120.00	
Supplies: Stationary, etc.		\$3,000.00
		500.00
TOTAL OFFICE EXPENSES:		<u>\$3,500.00</u>

Fund Raising Expenses:

Meeting, transportation, etc.		\$1,500.00
TOTAL FUND RAISING EXPENSES:		<u>\$1,500.00</u>

Promotion:

Post: Stamps	\$ 500.00	
Courier	150.00	
Printing: Information phamplets	\$ 100.00	\$ 650.00
Posters	100.00	
Signs	400.00	
Invitations	40.00	
Information kits	200.00	
Cases and photocopying	210.00	
Advertisint: Newspaper ads (see note)	\$ 500.00	\$1,050.00
Promotional aids	100.00	
(bottons, etc.)		
		\$ 600.00
TOTAL PROMOTIONAL EXPENSES:		<u>\$2,300.00</u>

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Proposed Canadian National M.B.A. Case Competition
February 1982

Estimated Budget Cont'd . . .
Cost Associated With Actual Competition

<u>Judges:</u> Return air-fare Boston/Montreal (10)	\$ 2,000.00	
Hotel accomodation (10 persons x 3 nights)	2,000.00	
Limousine service airport/Montreal	200.00	
Fees (see note)	<u>25,000.00</u>	
		<u>\$29,200.00</u>

Contestants:

Hotel accomodation (76 students x 3 nights)	<u>\$ 6,000.00</u>
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Meals, Socials, etc.:

Breakfast, donuts, coffee (3 days)	\$ 1,300.00	
Lunch (130 persons x 2 days)	2,000.00	
Dinner (150 persons x 2 days)	5,000.00	
Brunch (200 persons)	1,500.00	
Wine and Cheese reception (200)	1,200.00	
Cocktail party and dance (200)	<u>2,000.00</u>	
		<u>\$13,000.00</u>

Keynote Speaker:

\$ 3,000.00

Miscellaneous: (including inflation adjustment)

\$ 7,500.00

TOTAL BUDGETED EXPENSES:

\$66,000.00

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Proposed Canadian National M.B.A. Case Competition
February 1982

Notes To The Budget

1. Judges' Fees: The judges' fees have been calculated at the regular rate (\$500/day for 3 days x 10 judges), however it is hoped that this cost will be reduced by judges being attracted by the purpose and prestige of the event.
2. Advertising: The costs allocated to advertising are relatively low since considerable free publicity is anticipated. An alternative is to redirect funds allotted to fund-raising to advertising expenses.
3. Location: As an alternative to Concordia's facilities, it should be considered whether the event should be held in one of the downtown hotels.

PROJET D'UN CONCOURS NATIONAL CANADIEN
D'ANALYSE DE CAS DU M.B.A.
A MONTRÉAL
FÉVRIER 1982

Projet d'un Concours National Canadian
d'Analyse de Cas du M.B.A.
Université Concordia, février 1982

- Organisatrices: Annette Wilde
Nora Kelly
- Superviseur: Professeur Ken Riener
Section des finances, Université Concordia
- Dates provisoires: Les 23, 24 et 25 février 1982 (Semaine des lectures à Concordia)
- Objectifs:
1. Réunir, à Montréal, les meilleurs étudiants du M.B.A. au Canada, où ils entreront en compétition;
 2. Encourager le milieu des affaires montréalais à se joindre directement aux écoles du M.B.A. canadiennes et à leurs étudiants;
 3. Éveiller l'intérêt et gagner la considération du milieu des affaires, du milieu universitaire et du public en général, en leur présentant des candidats exceptionnels;
 4. Stimuler les échanges entre les écoles canadiennes du M.B.A.
- But: Étendre la renommée des étudiants canadiens du M.B.A. dans toute l'Amérique du Nord.
- Endroit: Le concours aura lieu à Montréal, soit à l'Université Concordia, soit à l'hôtel où logeront les candidats et les juges.
- Analyse de cas: Si 16 équipes d'étudiants du M.B.A. participent, il faudra quatre séries de débats. A la première, on éliminera huit équipes, à la deuxième, quatre, et il n'en restera plus que deux après la troisième série. Les débats auront lieu du mercredi matin au jeudi soir. On invitera étudiants, professeurs et hommes d'affaires à assister à tous les débats, et nous espérons qu'il y aura un reportage télévisé du dernier débat. Le vendredi après-midi, aura lieu un déjeuner-causerie pour la distribution des prix et les cérémonies de clôture. (Voir le programme ci-dessous).

Juges:

Comme, la première journée, huit débats se tiendront simultanément, il faudra vingt-quatre juges: huit seront des professeurs de Montréal, huit, des membres importants du milieu des affaires montréalais et huit, des individus, de partout en Amérique du Nord, jouissant d'une renommée nationale dans le monde des affaires. Un grand nombre de ces juges devront être bilingues.

Équipes:

Il y a vingt-trois écoles du M.B.A. au Canada: six au Québec et dix-sept ailleurs au Canada. On invitera chaque école à envoyer une équipe (d'au moins deux et d'au plus quatre candidats). Toute équipe pourra choisir d'employer l'une ou l'autre des deux langues officielles.

Programme Provisoire

Mardi 22 février

- | | |
|--------------|--|
| 9h00 | Distribution du premier cas, par courrier, aux écoles participantes. |
| 7h00 à 11h00 | Dégustation de vins et fromages pour accueillir les candidats. |

Mercredi 23 février

- | | |
|---------------|--|
| 9h00 | Première série de débats |
| 11h00 | Fin des débats |
| 11h15 à 13h00 | Déjeuner |
| 13h00 | Remise du deuxième cas aux gagnants |
| 18h00 | Dîner pour les juges et les participants |
| 20h00 à 22h00 | Deuxième série de débats |
| 22h00 | Remise du troisième cas aux gagnants |
| 22h00 à 01h00 | Réception au Faculty Club |

Jeudi 24 février

- | | |
|---------------|--|
| 10h00 à 12h00 | Troisième série de débats |
| 12h00 à 13h00 | Déjeuner |
| 13h00 | Remise du quatrième cas aux finalistes |
| 19h00 à 21h00 | Dernier débat, à l'auditorium |
| 21h00 | Dîner-danse*
Conférencier de marque |

Vendredi 25 février

- | | |
|---------------|---|
| 11h00 à 13h00 | Déjeuner |
| 13h00 | Distribution des prix et cérémonies de clôture* |

*On enverra des invitations spéciales dans le monde des affaires.

Le Commanditaire

La société qui assurera le financement de ce concours en tirera de nombreux avantages.

On s'attend à ce que ce concours attire les meilleurs étudiants des écoles du M.B.A. au Canada. La société commanditaire pourra donc rencontrer des étudiants hautement qualifiés et bénéficier d'une excellente occasion de recruter des collaborateurs de premier choix.

La publicité nationale générée par ce concours mettra en lumière non seulement l'apport du commanditaire à l'avancement de l'enseignement universitaire, mais aussi son appui des étudiants du M.B.A., francophones et anglophones. Cette image de marque se répandra parmi les étudiants en sciences de la gestion, de même que dans le public en général.

Le nom du commanditaire fera partie du titre officiel du concours et paraîtra dans toutes les annonces et les documents distribués. On invitera aussi des membres de la société commanditaire à remplir diverses fonctions et à participer activement au choix des cas à analyser. De plus, nous croyons que ce concours deviendra un événement annuel, se déplaçant d'école en école, et le commanditaire aura le premier choix, s'il désire poursuivre sa participation.

Prévisions Budgétaires

Bureau

Téléphone:	Frais d'installation	\$ 60	
	Frais d'administration	345	
	Interurbains	2475	
	Secrétariat pour abonnés absents	<u>120</u>	\$ 3000
Fournitures:			<u>500</u>
TOTAL DES DÉPENSES DE BUREAU:			<u>\$3500</u>

Recherche de fonds

Réunions, déplacements, etc.			<u>\$1500</u>
TOTAL DES DÉPENSES POUR LA RECHERCHE DE FONDS:			<u>\$1500</u>

Lancement

Port:	Timbres	\$ 500	
	Courriers	<u>150</u>	\$ 650
Impression:	Brochures d'information	100	
	Affiches	100	
	Ecriteaux	400	
	Invitations	40	
	Cahiers de documentation	200	
	Cas et photocopie	<u>210</u>	1050
Publicité:	Annonces dans les journaux(cf.note)	500	
	Matériel publicitaire(macarons, etc)	<u>100</u>	<u>600</u>
TOTAL DES DÉPENSES DE LANCEMENT:			<u>\$2300</u>

Frais Directement Reliés au Concours

Juges

Aller et retour, par avion, Boston-Montréal (10)	\$ 2000
Hôtel (10 personnes x 3 nuits)	2000
Limousine de l'aéroport à Montréal	200
Honoraires (cf.note)	<u>25000</u>

\$29200

Candidats

Hôtel (76 étudiants x 3 nuits)

\$ 6000

Repas, réceptions, etc.

Petit déjeuner, beignets, café (3 jours)	\$ 1300
Déjeuner (130 personnes x 2 jours)	2000
Dîner (150 personnes x 2 jours)	5000
Déjeuner-causerie (200 personnes)	1500
Dégustation de vins et fromages (200 personnes)	1200
Cocktail et danse (200 personnes)	<u>2000</u>

\$13000

Conférencier de marque

\$ 3000

Divers (hausse des prix inclus)

\$ 7500

TOTAL DES DÉPENSES BUDGÉTISÉES:

\$66000

Notes Afférentes au Budget

1. Honoraires des juges: On a calculé les honoraires des juges aux taux courants (\$500 par jour, 3 jours, 10 juges), cependant, nous espérons voir ces coûts diminuer en raison de la portée et du prestige de ce concours.
2. Publicité: Les montans alloués à la publicité sont relativement bas, car nous escomptons une publicité gratuite considérable. Une autre possibilité serait de redistribuer les sommes allouées à la recherche de fonds, aux dépenses de publicité.
3. Endroit: Plutôt qu'à Concordia même, on pourrait envisager de tenir le concours à l'un des hôtels du centre de la ville.



BUDGET PROPOSAL

The case competition budget proposal can be divided up in a number of ways in order to distribute costs among our sponsors. A few suggestions on how this might be done are listed below:

1) The first alternative is to have one main sponsor who would be willing to cover all, or a major part of the expenses. This can be done by contributing the amount that has shown in the budget which has been estimated as the total cost, or by assuming the responsibility of the costs incurred in the manner they choose.

2) The budget can also be divided into different chunks. Each sponsor can contribute to one or more of these chunks.

For example: a)administration and promotion	\$7,400.00
b)hotel accomodation	\$8,000.00
c)judge's fees	\$25,000.00
d)judges's trans, + keynote speaker	\$5,200.00
e)food and social events	\$13,000.00

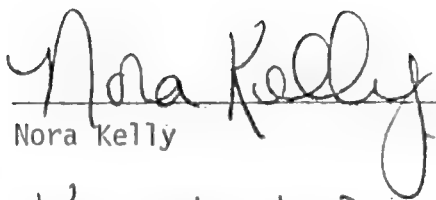
Again, each sponsor can donate the amount budgeted or assume responsibility for the costs incurred in the chunk(s) which the sponsor has chosen.

PROPOSED CANADIAN NATIONAL M.B.A. CASE COMPETITIONPROJECTED EXPENSES

Major Expenses: Rental of the Hall Building (?)
Travelling and accommodations expenses of judges.
Accommodations of participating teams.
Social activities such as receptions, luncheons,
dinners, etc.

Other Expenses: All office supplies such as stationary, stamps.
Use of an office, typewriter and telephone.
Printing expenses for promotional pamphlets.
Allowance to attend Montreal business luncheons
for the purpose of raising funds (including AMBAQ)
Computer time.
Promotional items such as signs, buttons.
Coffee, donuts and sandwiches available to teams
for the duration of the competition.

IMPORTANT NOTE: In order for us, the organizers, to commence the
planning of this competition, it is imperative
that we know whether or not we will have the
backing necessary. Without strong backing from
the Concordia staff and students, it will be
impossible to make the Case Competition a success.
As the first notice announcing the competition
must be sent out before the beginning of next month,
we need to have a clear understanding of our posi-
tion as soon as possible. Presently, we are gathering
the names of potential student volunteers and it would
be greatly appreciated, if we could be given an indi-
cation of where our support lies within the Concordia
staff and administration.


Nora Kelly


Annete Wilde


Professor K. Riener, Supervisor

CONCORDIA M.B.A. CASE COMPETITION: PROJECTED BUDGET

OFFICE

Office rental:

?

Phone: installment fee	\$ 54.00	
service charge (11 months)	\$341.00	(@30.90)
long distance calls	\$200.00	
answering service	<u>\$120.00</u>	
		<u>\$715.00</u>

Supplies: Stationary
various (pens, pencils, stapler, etc) \$150.00

Fixtures: filing cabinet* \$100.00
bulletin board \$ 30.00

Miscellaneous \$ 50.00
\$330.00

Total Office Expenses: \$1.045.00

FUND RAISING EXPENSES

AMBAQ (membership and meetings)	\$404.00	
Spending allowance for meetings	\$200.00	
Transportation allowance	<u>\$ 16.00</u>	
		<u>\$620.00</u>

PROMOTION

Postal service (stamps) \$150.00
courrier service \$140.00

Printing: information pamphlets \$100.00
posters \$ 75.00
signs \$400.00
invitations \$ 35.00
case - photocopies \$180.00

Advertising: newspaper ads \$400.00
promotional buttons, etc. \$ 80.00

Total Promotional Expenses: \$1,560.00

COSTS ASSOCIATED WITH ACTUAL COMPETITION

<u>Judges:</u>	return air-fare Boston/Montreal	\$1,500.00
	hotel accommodations (10 persons x 3 nights)	\$1,500.00
	limousine service airport/Montreal	\$ 100.00
	fees	?
	Total	<u>\$3,100.00</u>

<u>Contestants:</u>	hotel accommodations (76 students x 3 days)	<u>\$5,700.00</u>
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<u>Meals, Social, etc.:</u>	breakfast, donuts, coffee (3 days)	\$1,267.00
	lunch x 2 days (130 people)	\$1,560.00
	dinner x 2 days (150 people)	\$3,000.00
	brunch x 1 day (200 people)	\$1,200.00
	wine and cheese reception (200)	\$1,200.00
	cocktail party and dance (200)	<u>\$2,000.00</u>
	TOTAL	<u>\$10,227.00</u>

<u>Keynote Speaker</u>	<u>\$3,000.00</u>
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P.A. Systems	<u>\$ 75.00</u>
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Security Guards	?
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Total = \$10,227.00 + \$3,000.00 + \$75.00 + ? = \$13,302.00 + ?

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Proposed Canadian National M.B.A. Case Competition
February 1982

Estimated Budget

Office:

Phone: Installment fee	\$ 60.00	
Service charge	345.00	
Long-distance calls	2,475.00	
Answering service	<u>120.00</u>	
Supplies: Stationary, etc.		\$3,000.00
		<u>500.00</u>
TOTAL OFFICE EXPENSES:		<u>\$3,500.00</u>

Fund Raising Expenses:

Meeting, transportation, etc.		\$1,500.00
TOTAL FUND RAISING EXPENSES:		<u>\$1,500.00</u>

Promotion:

Post: Stamps	\$ 500.00	
Courier	<u>150.00</u>	
Printing: Information phamplets	\$ 100.00	\$ 650.00
Posters	100.00	
Signs	400.00	
Invitations	40.00	
Information kits	200.00	
Cases and photocopying	<u>210.00</u>	
Advertisint: Newspaper ads (see note)	\$ 500.00	\$1,050.00
Promotional aids	<u>100.00</u>	
(bottoms, etc.)		\$ 600.00
TOTAL PROMOTIONAL EXPENSES:		<u>\$2,300.00</u>



Le 14 août 1981

Monsieur M.J.M. Casavant
Vice-président principal
Banque de Commerce
1155, rue Dorchester ouest
Montréal, Québec

Monsieur,

L'Association des étudiants du M.B.A. de l'Université Concordia se propose de tenir un concours national du M.B.A. à Montréal, en février prochain.

Nous croyons que ce concours favorisera grandement le nationalisme, le bilinguisme, l'enseignement de la gestion et les affaires au Québec. De plus, nous souhaitons vivement accroître les contacts entre les écoles, et entre les écoles et le milieu des affaires.

Sachant l'intérêt que la Banque de Commerce porte aux affaires locales, et comme vous employez des diplômés du M.B.A., nous avons pensé qu'il vous intéresserait peut-être de participer à ce concours et d'y prêter votre appui.

Nous joignons à ces lignes un exemplaire de notre projet, établissant les grandes lignes de son organisation et de sa structure, de même qu'un budget détaillant les coûts estimatifs en vue d'assurer la participation du plus grand nombre possible d'écoles et, donc, le succès de notre entreprise.

L'Université McGill et l'Université du Québec à Montréal collaborent avec nous pour assurer un concours impartial à Montréal.

Nous vous serions reconnaissants de bien vouloir étudier notre projet et d'envisager de financer ce concours, en tout ou en partie.

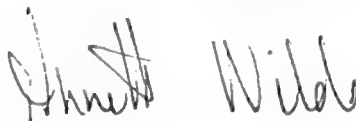
.../2

Le 14 août 1981
Page 2

Nous accueillerons avec plaisir vos suggestions et commentaires et soyez assuré que nous les prendrons en considération.

Nous vous remercions de votre intérêt et vous prions d'agréer, Monsieur, l'expression de nos sentiments les meilleurs.

La Vice-présidente, C.G.S.A.,

A handwritten signature in dark ink, appearing to read "Annette Wilde". The signature is fluid and cursive, with the first name "Annette" written in a more compact, stylized manner and the last name "Wilde" in a more open, flowing script.

Annette Wilde
Organisatrice associée du
concours d'analyse de cas du
M.B.A. de l'Université Concordia.

AW/lr
Pièces jointes

CONCORDIA UNIVERSITY

EXHIBIT 17



Annette J. Wilde
Co-organizer M.B.A. Case Competition
Concordia University
January 19, 1982

Mr. Claude Taylor
President, Air Canada
Place Ville Marie
Montréal, Québec

Dear Mr. Taylor,

The M.B.A. Student government at Concordia University will be hosting a regional M.B.A. case competition in Montréal this February 23rd to 26th., 1982. This competition is the first of its kind to be held in Canada at the graduate level and will be fashioned after the M.B.A. tournament begun in 1977 at Cornell University.

There will be eight (8) schools participating in the competition representing McGill, Concordia, U.Q.U.A.M., Laval, Moncton, Ottawa, and McMaster University. Each university will be sending a team of four (4) members; one member of each team being fluently bilingual.

The teams will prepare, either in French or in English, a total of 3 to 4 cases in the form of both a written and oral presentation. The cases have been chosen and translated by the Québec Institute of Management Consultants from a bank of available cases at the University of Western Ontario. These cases have been selected on the basis of interest and Canadian content.

The panel of judges consists of eight (8) professors (one from each participating school), as well as eight (8) to ten (10) prominent members of the Montréal business community.

The purpose of this letter is to request your financial support for our project. We believe that sponsorship of this program would be an excellent means of encouraging and supporting higher education in business in Canada. There is, as yet, no "acid-test" measure of how well a specific M.B.A. program is preparing its graduates for careers in business: The desire to do well against other M.B.A. programs would be an excellent motivator for schools to reassess the relevance of their program.

.../2

Mr. Creighton Cross of Alcan has suggested to us your possible interest in our project. To date no sponsor has been forthcoming for our cocktail party on Thursday night, February 25th. Estimated cost of this function, which includes a dinner, is \$1,000. to \$1,500. All participating team members and judges will be in attendance at this event. Any financial support you could provide us with would be greatly appreciated.

Sincerely yours,

cc. C. Cross

cc. C. Cross

Jan. 22/72 - does not list G. J. G. in the "Kearney" paper
but says he has not to date rec'd the letter so G. J. G. is still
in the "Kearney" paper.

CONCORDIA UNIVERSITY

EXHIBIT 18



Annette J.S. Wilde
Co-organizer, Montréal M.B.A. Competition
Jan. 25, 1982

Mr. Rowland Frazee
President, The Royal Bank of Canada
1, Place Ville-Marie
Montréal, Québec
H3C 3A9

Dear Mr. Frazee,

This letter is in reference to the Montréal M.B.A. case competition. We have been informed by your secretary that you will be unable to honour us with your presence at our competition. We deeply regret that your busy schedule does not allow you to participate, and your presence will be greatly missed.

In a meeting with MR. Creighton Cross of ALCAN, it was suggested that, alternatively, you might possibly be willing to provide us with some financial support for our project. Alcan has very generously contributed the awards which will be presented to the winners of the M.B.A. case competition. These trophies will be awarded at the closing awards banquet to be held on Friday February 26th, 1982. The total estimated cost of this banquet is approximately \$2,000, and will be held in downtown Montréal.

We would very much appreciate your financial sponsorship, or co-sponsorship of this event.

I look forward to discussing the extent of your support in the near future, I will contact your secretary before the end of this week to arrange a meeting at your convenience. Should you have any questions or require further information on this matter, please do not hesitate to contact me at 879-8584 or 879-4273.

Sincerely yours,

A.J.S. Wilde

AW/me
cc. C. Cross

EXHIBIT 19

Pour diffusion immédiate

AUX PRISES AVEC DES CAS ...

PREMIER DÉBAT À SE TENIR À L'UNIVERSITÉ CONCORDIA ENTRE ÉTUDIANTS EN COMMERCE

Les 23, 24 et 25 février prochain, alors que la plupart de leurs camarades s'adonneront à diverses activités libres, les étudiants de MBA du Québec et de l'Ontario s'attaqueront à des analyses de cas. Ce premier concours à se tenir au Canada verra, pendant trois jours, les futurs administrateurs du monde industriel et économique se livrer une chaude lutte pour trouver les meilleures solutions à des problèmes concrets. Parmi les membres du jury qui évalueront la compétence des concurrents se trouvent des chefs de file du milieu des affaires, notamment Peter McEntyre des Ciments Canada Lafarge Ltée, Robert Bonnevillie de Canadian Tire et Gérard Plourde de United Auto Parts.

Ce concours se tient grâce à l'aide financière qu'ont accordée les sociétés Air Canada, Alcan, Avon, Corby ainsi que l'Institut des conseillers en administration du Québec et l'Association des MBA du Québec. Les prix sont gracieusement offerts par l'Alcan.

Selon M. Creighton Cross, directeur de l'expansion commerciale à la Société Aluminium du Canada Ltée, "encourager les initiatives des étudiants en commerce fait partie intégrante du programme de l'Alcan". M. Cross, qui sera membre du jury, ajoute: "Nous désirons avoir le plus d'influence possible sur les diplômés des facultés de commerce en vue d'en faire d'éventuels administrateurs de sociétés canadiennes".

Les équipes se réuniront en soirée, à huis clos, pour analyser les cas qui leur seront soumis en vue de les présenter et d'en discuter le lendemain matin.

Les premières analyses de cas ont eu lieu à la Harvard Business School. Depuis, les critiques favorables et défavorables à l'égard de la formation des futurs administrateurs ont fusé de toutes parts. Malgré tout, la plupart des écoles de commerce d'Amérique du Nord continuent à inscrire ces débats à leur programme d'études.

Voici ce que M. Pierre Simon, doyen de la Faculté de commerce et d'administration de l'Université Concordia, pense de ces débats: "Un cas décrit une situation critique qui existe réellement au sein de l'entreprise. Des facteurs doivent être analysés, des objectifs précisés et des décisions prises. Il ne s'agit pas vraiment d'un moyen d'apprentissage, mais d'une méthode visant à permettre aux étudiants d'appliquer leurs connaissances et leur expérience aux genres de problèmes qu'ils devront affronter. Seuls les étudiants possédant de l'expérience des situations concrètes de l'entreprise devraient être appelés à analyser et débattre les cas parce qu'ils sont les seuls à pouvoir comprendre toutes les conséquences des décisions prises. L'étude de cas constitue une excellente méthode si l'on sait bien s'en servir."

Pour le présent concours, les professeurs de la Faculté de commerce de la University of Western Ontario ont préparé les cas et les membres de l'Institut des conseillers en administration du Québec les ont choisis et traduits.

Le grand public sera admis aux débats, mais comme le signale M. Simon: "Nous espérons attirer surtout les hommes d'affaires car, croyons-nous, il devrait être fascinant, même utile pour eux, de prendre contact avec des administrateurs en herbe."

<u>RENSEIGNEMENTS:</u>	Antonia Zerbisias	(514) 484-1265
	Annette Wilde	(514) 879-8584
	Nora Kelly	(514) 879-8584

EXHIBIT 19

Pour diffusion immédiate:

"MBA...FAST TRACK TO GOOD LIVE" - New York Times
"SECOND DEGREE MURDER: MBA" - Canadian Business Magazine
"MBA...THE MONEY CHASE" - Time Magazine
"MBA...HOT PROPERTY" - Wall Street Journal
"MBA PROGRAMS NEED PRIORITY" - The Financial Post
"MBAs: THE NEW ELITE ON CAMPUS" - U.S. News & World Report

Qu'est-ce qui se cache derrière le mot magique? MBA, "Masters of Business Administration", ou encore MAA, Maîtrise en administration des affaires, si l'on tient à franciser l'expression. Trois simples lettres qui, accolées au nom d'une personne, lui assurent automatiquement un emploi, un traitement initial de l'ordre de 30 000 \$ et le début d'une ascension fulgurante. Contrairement à la majorité de leurs collègues d'autres facultés, les étudiants inscrits au MBA se font courtiser par les plus grandes entreprises avant même d'avoir terminé leurs études. Il n'y a qu'à parcourir la rubrique "Carrières et professions" des grands journaux pour constater que le MBA est le "Sésame, ouvre-toi" des temps modernes.

"Nos diplômés sont très recherchés, déclare le doyen de la Faculté de commerce et d'administration de l'Université Concordia, M. Pierre Simon, à tel point que nous ne parvenons pas à satisfaire à la demande des milieux d'affaires canadiens".

En 1961, seules deux universités canadiennes offraient des programmes de MBA; aujourd'hui, il n'existe pas moins de 26 écoles commerciales supérieures.

Tandis que les inscriptions se raréfient dans les autres facultés, les écoles de commerce ne parviennent pas à former suffisamment de diplômés pour les besoins du marché.

La plupart des programmes de MBA exigent des candidats une expérience professionnelle de quelques années. L'Université Concordia offre le soir un programme complet regroupant des ingénieurs, des informaticiens, des professeurs, des infirmiers et infirmières, des comptables, des femmes au foyer et des gestionnaires qui consacrent un minimum de dix heures de travail personnel par semaine pour chaque cours suivi. On comprend pourquoi le Canadian Business Magazine a qualifié le MBA de "meurtre au second degré".

"Il s'agit plus d'un grade professionnel que proprement universitaire, explique le doyen. Armé de son diplôme, le finissant acquiert une réelle crédibilité. L'entreprise cherche à tout prix à s'adjoindre des titulaires de MBA qui représentent à ses yeux, à tort ou à raison, un gage de compétence et de sérieux".

Pourtant, la presse américaine a vivement critiqué le fameux diplôme. Le Wall Street Journal, pas plus tard que l'an dernier, n'y est pas allé de main morte: "C'est le printemps, et les capitalistes en herbe sortant des grandes écoles de commerce du pays s'empressent de troquer leur cartable contre une mallette à documents, subjugués par l'attrait du pouvoir et de l'argent, engagés derechef dans le sillon puissant des grandes firmes". En mai dernier, le Time Magazine consacrait un dossier de huit pages à la nouvelle fournée d'étudiants du MBA qu'il n'a pas hésité à qualifier de trop ambitieux, d'exagérément fonceurs, d'outrageusement rémunérés et de surévalués.

Mais qu'importe les attaques de la presse! Ils sont par milliers à consacrer de 50 à 80 heures par semaine à l'étude de la comptabilité, des finances ou des sciences économiques. Le jeu en vaut la chandelle puisqu'un finissant avec peu ou pas d'expérience commence en moyenne au bas de l'échelle, à 25 000 \$ par année!

C'est donc un marché vendeur, où la demande supplante l'offre, qui attend chaque année les diplômés des écoles canadiennes: ils sont moins de 2 000 contre plus de 50 000 aux États-Unis. N'en doutons pas: les parts des titulaires de MBA sont résolument à la hausse.

RENSEIGNEMENTS:

Antonia Zerbisias 484-1265

EXHIBIT 19

For Immediate Release:

"MBA...FAST TRACK TO GOOD LIFE" - New York Times
"SECOND DEGREE MURDER: MBA" - Canadian Business Magazine
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"MBAs: THE NEW ELITE ON CAMPUS" - U.S. News & World Report

What's the mystique of the MBA? Three little letters that spell guaranteed employment, starting salaries of \$30,000, and a good boost up the career ladder to success! Masters of Business Administration (MBA) students are among the very few university graduates to be courted by the corporate world months before final exams. Just a quick check of the career classifieds in any major paper will confirm that an MBA is a ticket to the top.

"There is a tremendous demand for our graduates," says Dean Pierre Simon of Concordia University's Faculty of Commerce & Administration. "We simply cannot produce enough graduates to satisfy the Canadian business community."

In 1961, there were only two universities offering MBA programs in this country. Today, there are twenty-six graduate business schools. While most other faculties are facing dwindling enrollment, business schools can't seem to admit new students fast enough.

2...

Most MBA programs require that prospective students log several years working experience before they apply. Concordia offers an extensive evenings study schedule and the classes are filled with engineers, data processors, teachers, nurses, accountants, housewives and working managers who study a minimum of ten hours per week per course. It's not surprising that Canadian Business Magazine dubbed the MBA "Second Degree Murder."

"The MBA is more of a professional rather than an academic degree," explains Dean Simon. "The degree gives one clout and credibility. Corporations are eager to hire MBA graduates because the degree provides insurance, a guarantee of quality and achievement. Right or wrong, that's what business believes."

The MBA has cuurently come under the gun in the U.S. press. As the Wall Street Journal put it in 1981: "It's springtime, and the budding capitalists at the nation's business schools are trading in bookbags for briefcases and turning their thoughts to power, money, and the corporate fast track." In an eight-page cover story on business schools last May, Time Magazine condemned the current crop of MBA grads as being over-ambitious, over-aggressive, over-priced, and over-rated.

But thousands of MBA students are ignoring the bad press and are spending fifty to eighty hours per week buried in their finance, accounting and economics texts. The sacrifice seems to be worth it. Last year, the average graduate snared a starting salary well above the \$25,000 mark - and that was for little or no previous experience!

...3

3...

As long as there are fewer than 2000 graduates each year in Canada (compared to more than 50,000 in the U.S.), the MBAs are going to graduate into a seller's market where the supply is short and the demand is high. MBAs have only a bullish future ahead of them.

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FOR MORE INFORMATION, PLEASE CALL:

Antonia Zerbisias 484-1265



For Immediate Release

GETTING DOWN TO CASES...

CONCORDIA UNIVERSITY TO HOST FIRST ANNUAL BATTLE OF BUSINESS BRAINS

On February 23, 24, and 25, while most other students will be enjoying mid-term break, MBA students from Quebec and Ontario will be giving each other the business. It's Canada's first-ever MBA Case Competition - a three day marathon session that will have the future managers of this country's industry and economy competing with each other to come up with the best solutions to real-life business problems. While the students will be getting down to cases, their performance will be evaluated by business leaders such as Peter McEntyre of Canada Cement Lafarge, Robert Bonneville of Canadian Tire, and Gerard Plourde of UAP (United Auto Parts).

Sponsors of the competition include Air Canada, Alcan, Avon, Corby's, the Institute of Management Consultants of Quebec, and AMBAQ (Association des MBA du Quebec). The awards will be presented by Alcan.

"It's part of a general program here to encourage initiative from business students," explains Creighton Cross, V.P. Business Development for the Aluminum Company of Canada. He will also be one of the judges. "To the greatest extent possible, we want to have some influence on the people who will be graduating from the business schools to the boardrooms of this country."

FACULTY OF COMMERCE AND ADMINISTRATION
MAILING ADDRESS:
1455 DE MAISONNEUVE BLVD. WEST
MONTREAL, QUEBEC H3G 1M8

...2

The competition will essentially consist of all-night strategy sessions during which the teams will be cut off from all contact with the outside world while they prepare their cases for presentation and debate in the morning.

The case method of business study was first adopted by the Harvard Business School. Since then it has been praised, criticized, extolled and damned as either the best - or worst - method of training future managers. Despite the controversy, however, most North American graduate business schools make the method the main part of the curriculum.

"A case is basically a description of an actual critical event in a real organization," explains Dean Pierre Simon of Concordia. "There are factors to be analyzed, objectives to be defined, and decisions have to be made. It's not really a 'learning tool' but a way of making students apply their knowledge and experience to the kinds of problems they will have to face in the business world. Cases should only be given to students with at least some 'real-life' experience, usually those students at the graduate level. They're the only ones who can usually understand all the implications and consequences of the decisions taken. The case method is an excellent tool - if well used."

The cases have been provided by the University of Western Ontario's business faculty, and selected and translated by the Institute of Management Consultants of Quebec. Debates will be open to the public.

...3

"We're hoping to attract businessmen to the debates," says Dean Simon. "It should be a fascinating - and maybe useful - experience for them to see how future managers will manage."

-----30-----

FOR MORE INFORMATION, PLEASE CALL:

Antonia Zerbisias 484-1265

Montreal

Annette Wilde 879-8584

Nora Kelly 879-8584

Thursday Report & Link.

WEDNESDAY FEBRUARY 24th, 1982

MONTREAL MBA CASE COMPETITION: COME SEE TEAMS OF M.B.A. STUDENTS FROM
CONCORDIA, MCGILL, OTTAWA, U.Q.U.A.M., and LAVAL COMPETE IN THE FORM
OF ORAL CASE PRESENTATIONS CONCERNING A VARIETY OF BUSINESS TOPICS.

1455 deMaisonneuve Blvd. HALL BUILDING, H420 & H520

11:00 - 13:00 pm and 21:00 - 23:00 pm.

FOR MORE INFORMATION CALL ANNETTE WILDE AT 879-8584

THURSDAY FEBRUARY 25th, 1982

MONTREAL MBA CASE COMPETITION: COME SEE TEAMS OF M.B.A. STUDENTS FROM
CONCORDIA, MCGILL, OTTAWA, U.Q.U.A.M., AND LAVAL COMPETE IN THE FORM
OF ORAL CASE PRESENTATIONS CONCERNING A VARIETY OF BUSINESS TOPICS.

1455 deMaisonneuve Blvd. Hall Building, H420 & H520. :

17:00 - 19:00 p.m. FOR MORE INFORMATION CALL ANNETTE WILDE AT 879-8584

FRIDAY FEBRUARY 26th, 1982

MONTREAL MBA CASE COMPETITION: COME SEE THE FINALISTS OF THE MBA COMPETITION
COMPETE FOR THE REGIONAL CHAMPIONSHIP. 12:00 - 14:00, H937

HALL BUILDING, 1455 deMaisonneuve Blvd. FOR MORE INFORMATION CALL ANNETTE AT:

879-8584

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~~The~~
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The Financial Post
481 University Avenue
Toronto M5W 1A7

* Anne Shortell
The Financial Post
481 University Avenue
Toronto
M5W 1A7

Editor
The McGill Daily
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The National
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The Fifth Estate

Discussion de cas à l'intention des M.B.A. du Québec

Quebec M.B.A. case competition

QUOI?

Une invitation est lancée aux six écoles de M.B.A. du Québec, à venir participer à un débat.

Une occasion propice aux échanges entre étudiants, professeurs et membres de la communauté des affaires du Québec.

Une opportunité pour encourager les étudiants en Administration du Québec.

QUI?

Université Concordia, McGill, H.E.C.,
UQUAM, Sherbrooke, Laval

LIEU?

Université Concordia, Campus Sir George
Williams

QUAND?

23, 24, 25 février 1982

Information:

Co-ordinatrices:
Annette Wilde & Nora Kelly
879-4273

WHAT:

A gathering of students from Quebec's six M.B.A. schools in a series of case debates.

A forum for interaction between students, academics and members of the business community.

An opportunity to encourage and support higher education in business in Quebec.

WHO:

Concordia University, McGill, H.E.C.,
UQUAM, Sherbrooke, Laval

WHERE:

Concordia University's Sir George Williams
Campus

WHEN:

February 23, 24, 25, 1982

Information:

Annette Wilde & Nora Kelly
879-4273

Discussion de cas à l'intention des M.B.A. du Québec

Quebec M.B.A. case competition

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QUI?

Université Concordia, McGill, H.E.C.,
UQUAM, Sherbrooke, Laval

LIEU?

Université Concordia, Campus Sir George
Williams

QUAND?

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UQUAM, Sherbrooke, Laval

WHERE:

Concordia University's Sir George Williams
Campus

WHEN:

February 23, 24, 25, 1982

Information:

Annette Wilde & Nora Kelly
879-4273

EXHIBIT 20

. . . /3

Proposed Canadian National M.B.A. Case Competition
February 1982

Tentative Schedule

Tuesday, February 22

9:00 a.m.

Delivery of the first case by courier to
participating schools

7:00 to 11:00 p.m.

Wine and Cheese reception for arriving teams

Wednesday, February 23

9:00 a.m.

First series of debates

11:00 a.m.

End of debates

11:15 to 1:00 p.m.

Luncheon

1:00 p.m.

Distribution of second cases to the winners

6:00 p.m.

Dinner for judges and teams

8:00 to 10:00 p.m.

Second series of debates

10:00 p.m.

Distribution of third cases to the winners

10:00 to 1:00 a.m.

Social gathering at Faculty Club

Thursday, February 24

10:00 to 12:00 p.m.

Third series of debates

12:00 to 1:00 p.m.

Luncheon

1:00 p.m.

Distribution of fourth cases to finalists

7:00 to 9:00 p.m.

Final debate in auditorium

9:00 p.m.

*Grand dinner and dance
Keynote speaker

Friday, February 25

11:00 to 1:00 p.m.

Brunch

1:00 p.m.

*Presentation of awards and prizes,
closing ceremonies

*Special invitations will be sent out to the business community.

EXHIBIT 21

Montreal, Quebec
January 4, 1982

Concordia University will be hosting a case debate competition from February 23 - 25, 1982.

As a prestigious member of the Montreal Business Community, you have been suggested as an individual who might wish to encourage the effective interaction between the academic and functional components of this environment.

The purpose of this letter is to request your assistance as a judge at the competition.

We will be most appreciative if you could set aside any portion of your busy schedule during the period February 23-25 in order to help us achieve our goal of excellence in this precedent-setting event.

...2

Please feel free to call or write at any time for more detailed information.

Yours truly,

Margaret Head.

Margaret Head
Chairman, Judges Committee
Montreal Case Competition
1445 Kingsley Ave. Villa 148,
Dorval, Que.,
H9S 1G2
636-8120 (bus.) 636-6756 (home)

Rob Stewart
President,
Concordia Graduate Students Association
2497 Park Row East,
Montreal, Quebec
H4B 2G4
482-0792 (home)

Concours d'analyse de cas du M.B.A.
de Montréal - 1982

Q U O I ? ? ?

Une réunion des MEILLEURS ETUDIANTS
du M.B.A. de:

l'université d'Ottawa
l'université Laval
l'université de Sherbrooke
l'université du Québec à Montréal
l'Ecole des Hautes Etudes Commerciales
l'université McGill
l'université Concordia
l'université Dalhousie

Une TRIBUNE à la poursuite de l'ex-
cellence et favorisant les échanges
entre les étudiants, les universi-
taires et les membres du milieu des
affaires.

O U ? ? ?

Montréal.

Q U A N D ? ? ?

Du 23 au 25 février 1982.

P O U R Q U O I ? ? ?

Pour DEMONTRER dans le milieu des
affaires le potentiel des Ecoles
des Hautes Etudes Commerciales de
l'Est du Canada.

Pour ESTIMER l'habileté et les
accomplissements des concurrents.

Pour fournir un RESEAU d'information
entre le monde des affaires et celui
académique.

The Montreal M.B.A. Case
Competition - 1982

W H A T ? ? ?

A gathering of TOP M.B.A.
STUDENTS from:

Ottawa University
Laval University
Sherbrooke University
University of Quebec at Montreal
L'Ecole des Hautes Etudes Commerciales
McGill University
Concordia University
Dalhousie University.

A FORUM for interaction and the
pursuit of excellence between
students, academics and members
of the business community.

W H E R E ? ? ?

Montreal.

W H E N ? ? ?

February 23 - 25, 1982.

W H Y ? ? ?

To SHOWCASE the potential
within the communities of
Graduate Business Schools in
Eastern Canada

To ASSESS the skills and achievements
of the competitors.

To provide a NETWORK for the flow
of information between the worlds
of business and academe.

Concours d'analyse de cas du M.B.A.
de Montréal - 1982

PROGRAMME

Mardi 22 février -

- 19:00 h - Distribution du premier cas aux participants.
- 19:00 - 23:00 h. Dégustation de vins et fromages pour les juges

Mercredi 23 février -

- 08:00 h - Remise du premier cas
- 11:00 - 13:00 h - Première série de débats et distribution du deuxième cas aux équipes.
- 13:00 - 14:00 h - Dîner
- 17:00 - 19:00 h - Souper
- 18:00 h - Remise du deuxième cas
- 21:00 - 23:00 h - Deuxième série de débats et distribution du troisième cas.

Jeudi 24 février -

- 14:00 h - Remise du troisième cas
- 17:00 - 19:00 h - Troisième série de débats et distribution du dernier cas.
- 19:00 - 21:00 h - Souper
- 21:00 - 01:00 h - Cocktails

Vendredi 25 février -

- 09:00 h - Remise du dernier cas.
- 12:00 - 14:00 h - Dernière série de débats
- 14:00 h - Distribution des prix et dîner.

The Montreal M.B.A. Case
Competition - 1982

SCHEDULE

Tuesday February 22 -

- 19:00 h - Delivery of first case to teams.
- 19:00 - 23:00 h - Wine & cheese for non-competitors.

Wednesday February 23 -

- 08:00 h - First case due
- 11:00 - 13:00 h - Case debates & delivery of second case to teams.
- 13:00 - 14:00 h - Lunch
- 17:00 - 19:00 h - Dinner
- 18:00 h - Second case due
- 21:00 - 23:00 h - Case debates and delivery of third case.

Thursday February 24 -

- 14:00 h - Third case due
- 17:00 - 19:00 h - Case debated and delivery of final case.
- 19:00 - 21:00 h - Dinner
- 21:00 - 01:00 h - Cocktails

Friday February 25

- 09:00 h - Final case due
- 12:00 - 14:00 - Final case debates
- 14:00 h - Awards luncheon.

Concours d'analyse de cas du M.B.A.
de Montréal - 1982

REGLEMENTS DU CONOURS

Eligibilité - Etudiants inscrits au
M.B.A.

Equipe - Deux à quatre concurrents.

Cas - Gardés en Fidéicomis pour être
choisis par les juges une heure
avant la distribution aux
équipes.

Préparation - Analyse écrite à être
remise au juges au moins
3 heures avant la présen-
tation orale. Représentera
30% du total des points.

Débat - Présentation limitée à 45
minutes pour chaque équipe, suivit
d'un questionnaire par les juges.

The Montreal M.B.A. Case
Competition - 1982

COMPETITION RULES

Eligibility - Registered M.B.A.
students

Team Size - Two to four competitors

Cases - Held in trust to be
selected by judges one
hour before distribution
to teams.

Preparation - Written analysis to
be handed to judges
at least 3 hours
before oral present-
ation. Will represent
30% of total points.

Debate - Will be limited to 45
minutes presentation for
each team, followed by
question period for judges.

Montréal, Québec
4 janvier 1982.

L'université Concordia tiendra un concours d'analyse de cas du 23 au 25 février 1982.

Etant donné le prestige dont vous jouissez dans le milieu des affaires Montréalais, on nous a suggéré votre nom comme étant celui d'une personne dynamique qui souhaiterait promouvoir les échanges entre les divers groupes s'intéressant à l'enseignement et à la pratique des affaires.

Le but de cette lettre est de vous demander de participer à titre de juge pour cette compétition.

Nous apprécierions vivement si, malgré votre emploi du temps fort chargé, vous étiez prêt à consacrer quelque temps, au cours de la période du 23 au 25 février, pour nous aider à atteindre notre objectif d'excellence lors de cet événement sans précédent.

N'hésitez pas à me téléphoner ou à m'écrire si vous désirez de plus amples renseignements.

Vous remerciant à l'avance, je vous prie de recevoir,
l'assurance de mes meilleurs sentiments.

Margaret Head

Margaret Head
Chairman, Judges Committee
Montreal Case Competition
1445 Kingsley Ave. Villa 148
Dorval, Que.,
H9S 1G2
636-8120 (bur.) 636-6756 (rés.)

Rob Stewart
President,
Concordia Graduate Students Association
2497 Park Row East,
Montreal, Que.,
H4B 2G4
482-0792 (rés.)

CONCOURS D'ANALYSE DE CAS
DU M.B.A. DE MONTREAL
23 - 26 FEVRIER 1982
UNIVERSITE CONCORDIA
MONTREAL, QUE.

MONTREAL M.B.A. CASE COMPETITION
FEBRUARY 23 - 26, 1982
CONCORDIA UNIVERSITY
MONTREAL, QUE.

Dossier d'informations pour les juges.
Judge's Information Package.

Bienvenue au Concours d'Analyse de Cas du M.B.A.
de Montréal.

Nous remercions tous ceux qui ont bien voulu donner
de leur temps précieux ainsi que nous apporter leur
expérience dans l'examen des présentations au cours de
cette semaine.

Par la même occasion, vous aiderez à établir certains
standards pour des compétitions futures, de même que pour
les classes de gradués en affaires représentés ici.

Nous vous remercions encore une fois de votre
encouragement et espérons que l'expérience de cette semaine
sera à la fois agréable et profitable à tous les participants.

* * * * *

Welcome to the First Annual Montreal M.B.A. Case
Competition.

Those of you who have so graciously consented to give of
your time and expertise in judging the presentations here this
week are contributing far more than that which is evident today.

You will be helping to establish standards for future
competitions, as well as classroom standards for all students
of Graduate Business Schools represented here.

We thank you for your encouragement and hope that this
week's experience will be both enjoyable and worthwhile for
all participants.

Margaret Head.
February, 1982.

LISTE DES JUGES
(en ordre alphabétique)

LIST OF JUDGES
(in alphabetical order)

PROF. YVAN ALLAIRE

Université de Québec à Montréal.

555 Dorchester 9^{ème} étage

PROF. ROGER BENNETT

McGill University.

Sherbrooke #435

ROBERT BONNEVILLE

Canadian Tire Ltée.

TULLIO CEDRASCHI

C.N. Investments Ltd.

Place Bonaventure "F"

PROF. A. CLAUS

Concordia University.

FRANK COLLINS

Peat Marwick & Assoc.

1155 Dorchester

CREIGHTON CROSS

Alcan Aluminium Ltd.

1, PVM 33rd floor.

MICHEL DAIGNEAULT

Institut des Conseillers en Administration du Québec.

ROBERT DE FOUGEROLLES

Perco Ltée.

St. Laurent

MAURILLE LAVIGNE

Avon Canada.

Pointe Claire

PETER MCINTYRE

Canada Cement Lafarge

Cathcart St

ALAIN ROY

Institut des Conseillers en Administration du Québec.

1200 McGill College #1800

LISTE DES JUGES

LIST OF JUDGES

DALE SMITH

Deloitte Haskins & Sells.

3210, 1 Place Ville Marie.

GUY TRINGLE

Association Montréalaise des Arts et Recréations Culturelles

Prof Lussiers

Université de Laval

Université de Laval

Université de Laval

Gerald Gavan

PROGRAMME D'ACTIVITES DES JUGES

ACTIVITY SCHEDULE FOR JUDGES

Mardi, 23 février 1982

Tuesday, February 23, 1982

- 17:00 - 19:00 h - Session d'informations.
Information session.
- Endroit: Faculty Club, Edifice Hall.
Place: Faculty Club, Hall Building.
- Présente: Tous les juges.
Present: All judges.
- 19:00 - 21:00 h - Dégustations de vins et fromages de l'A.M.B.A.Q.
A.M.B.A.Q. wine and cheese party.
- Endroit: Faculty Club, Edifice Hall.
Place: Faculty Club, Hall Building.
- Invitées: Tous les participants du concours.
Guests: All competition participants.

* * * * *

Mercredi, 24 février 1982

Wednesday, February 24, 1982

- 08:00 - 11:00 h - Evaluation par les juges des préparations
écrites du premier cas.
Marking of written presentations, first case.
- Endroit: Edifice BE, chambre 251.
Place: BE Building, room 251.
- 11:00 - 13:00 h - Première série de débats.
First debates.
- Endroit: Edifice Hall, chambres 420, 520.
Place: Hall Building, rooms 420, 520.
- Les juges pour l'évaluation du premier cas sont:
Judges for the first case are:
- Prof. Allaire
Prof. Bennett
Prof. Claus
Mr. Cross
M. Daigneault
M. de Fougerolles
M. Lavigne
M. Roy
Mr. Smith
M. Tringle
Prof. _____ (Laval)

PROGRAMME D'ACTIVITES DES JUGES

ACTIVITY SCHEDULE FOR JUDGES

Mercredi, 24 février 1982 (suite)
Wednesday, February 24, 1982 (cont'd)

- 17:00 - 18:00 h - Souper: Faculty Club, Edifice Hall.
Dinner: Faculty Club, Hall Building.
- Invitées: Tous les participants du concours.
Guests: All competition participants.
- 18:00 - 21:00 h - Evaluation par les juges des préparations
écrites du deuxième cas.
Marking of written presentation, second case.
- Endroit: Edifice BE, chambre 251.
Place: BE Building, room 251.
- 21:00 - 23:00 h - Deuxième débat.
Second debate.
- Endroit: Edifice Hall, chambre 520.
Place: Hall Building, room 520.
- Les juges pour l'évaluation du deuxième cas sont:
Judges for the second cas are:
- Prof. Allaire
Prof. Bennett
Mr. Cedraschi
Prof. Claus
Mr. Cross
M. Daigneault
M. de Fougerolles
M. Roy
Mr. Smith
M. Tringle
Prof. _____ (Laval)

* * * * *

Jeudi, 25 février, 1982
Thursday, February 25, 1982

- 13:00 - 14:00 h - Diner: Faculty Club Edifice Hall.
Lunch: Faculty Club, Hall Building.
- 14:00 - 17:00 h - Evaluation par les juges des préparations
écrites du troisième cas.
Marking of written presentations, third case.
- Endroit: Edifice BE, chambre 251.
Place: BE Building, room 251.

PROGRAMME D'ACTIVITES DES JUGES

ACTIVITY SCHEDULE FOR JUDGES

Jeudi, 25 février, 1982 (suite)
Thursday, February 25, 1982 (cont'd)

- 17:00 - 19:00 h - Troisième série de débats.
Third debates.
- Endroit: Edifice Hall, chambres 420, 520.
Place: Hall Building, rooms 420, 520.

- 19:00 - 21:00 h - Souper: à la Crêpe Bretonne.
Dinner: at the Crêpe Bretonne.

- 21:00 - 01:00 - Cocktails - Winnie's (rue Crescent).

Les juges pour l'évaluation du troisième cas sont:
Judges for the third case are:

Prof. Allaire
Prof. Bennett
M. Bonneville
Prof. Claus
Mr. Collins
Mr. Cross
M. Daigneault
M. de Fougerolles
Mr. McIntyre
M. Roy
Prof. _____ (Laval)

* * * * *

Vendredi, 26 février 1982
Friday, February 26, 1982

- 09:00 - 12:00 h - Evaluation par les juges des préparations
écrites du quatrième cas.
Marking of written presentations, fourth case.

- Endroit: Edifice BE, chambre 251.
Place: BE Building, room 251.

- 12:00 - 14:00 h - Quatrième série débats.
Fourth debates.

- Endroit: Edifice Hall, chambre 520.
Place: Hall Building, room 520.

- 14:00 - 16:00 h - Dîner de la distribution des prix.
Awards banquet.

- Endroit: l'Hotel Ritz-Carlton.
Place: Ritz-Carlton Hotel.

PROGRAMME D'ACTIVITES DES JUGES

ACTIVITY SCHEDULE FOR JUDGES

Vendredi, 26 février 1982 (suite)
Friday, February 26, 1982 (cont'd)

- Invitées: Tous les participants du concours.
Guests: All competition participants.

Les juges pour l'évaluation du quatrième
présentation de cas sont:
Judges for the fourth case are:

Prof. Allaire
Prof. Bennett
Prof. Claus
Mr. Collins
Mr. Cross
Mr. Smith
Prof. _____ (Laval)

REGLEMENTS DU CONCOURS

1. Eligibilité - Etudiants inscrits au M.B.A.
2. Equipe - Deux à quatre concurrents.
3. Préparation - Analyse écrite à être remise au juges au moins 3 heures avant la présentation orale. Représentera 30% du total des points.
4. Débat - Présentation limitée à 45 minutes pour chaque équipe, suivit d'un questionnaire par les juges.
5. La présentation écrite du cas ne doit pas excéder 5 pages dactylographiées (les appendices peuvent être écrits à la main).
6. Les équipes présenteront les mêmes cas dans chaque série de débats.
7. Les présentations écrites seront identifiées par numéro seulement.
8. Un tableau noir sera le seul accessoire permis pendant la présentation verbale.

COMPETITION RULES

- Eligibility - Registered M.B.A. students.
- Team Size - Two to four competitors.
- Preparation - Written analysis to be handed to judges at least 3 hours before oral presentation. Will represent 30% of total points.
- Debate - Will be limited to 45 minutes presentation for each team, followed by question period for judges.
- Written presentations must not exceed 5 typewritten pages (appendices may be written by hand).
- Each team will present the same case in each debate series.
- Written presentations will be identified for judging purposes by a number only.
- A blackboard will be the only visual aid permitted during the verbal presentation.

WRITTEN PRESENTATION

The written presentation could be evaluated in the following manner:

There could be four major sections for consideration with sub -sections, descriptions, and questions-to-be-answered as outlined below:

<u>Major Section</u>	<u>Sub-Section</u>	<u>Description</u>	<u>Questions to be answered</u>
1. Introduction	a) Synopsis of case	A summary of the events and facts	1) What is the case generally about? 2) What are the main facts, characters and events?
	b) Problem identification	A definition of the main problem(s) and a ranking of their importance	1) What are the problem(s)? 2) In which way (if any) are they related?
2. Analysis	a) Findings	Outline of courses. Identification of relationships between causes. Specification of assumptions. Illustration of data to support above.	1) What are the causes of the problems? 2) Are the causes related? 3) What is being assumed? 4) What data supports the above analysis?
	b) Evaluation of alternatives	A statement of alternatives. An evaluation of the advantages and disadvantages of each.	1) What objectives are to be accomplished? 2) What obstacles are to be removed? 3) What criteria should be used to evaluate solutions? 4) What are the feasible, mutually exclusive solutions to the problems? 5) What are the consequences of these solutions?

WRITTEN PRESENTATION (cont'd)

<u>Major Section</u>	<u>Sub-Section</u>	<u>Description</u>	<u>Questions to be answered</u>
3. Conclusion	a) Conclusion	A statement of the "best" solution with supporting argument	1) How do the alternatives compare in terms of cost/benefit ratio? 2) Which solution is "best"? 3) How do the others work?
	b) Plan of action	A step-by-step description of how, when and by whom the "best" solution is to be implemented	1) What is the order of the implementation steps? 2) By whom should they be performed? 3) Who will give authorization, who will be consulted, who informed? 4) What follow-up is necessary?
4. Specifics	a) Those criteria decided upon by judges as specific to a particular case		
	b) Overall development and effectiveness of presentation		

WRITTEN PRESENTATION

NUMBER _____

Case Number _____

Date _____ A.M. _____ P.M. _____

Judge _____

Criteria	Weight	Points	Total	Explanation of marking
INTRODUCTION:				<u>Weights</u>
<u>Synopsis</u> - a summary of events and facts				Imperative 5
<u>Problem identification</u> - a definition of the main problem(s) and a ranking of their importance				Critical 4
				Important 3
				Relevant 2
				Incidental 1
ANALYSIS:				<u>Points</u>
<u>Findings</u> - an outline of the courses; identification of the relationships between causes; specification of assumptions; support data				Outstanding 10
				Excellent 9
				Very good 8
				Good 7
				Fair 6
<u>Evaluation of alternatives</u> - statement of alternatives and evaluation of advantages and disadvantages of each				Poor 5
				Unacceptable 4
CONCLUSION:				
<u>Conclusion</u> - the statement of the best solution with supporting argument.				
<u>Plan of action</u> - the how, why and by whom the best solution is to be implemented.				

WRITTEN PRESENTATION (cont'd)

Criteria	Weight	Points	Total
SPECIFICS			
1)			
Overall development and effectiveness of presentation			
TOTALS			

Signed _____

ORAL PRESENTATION

The oral presentations could be evaluated on the following six points for consideration:

1) CLARITY OF THEME AND OBJECTIVES

The extent to which the main points are highlighted and to which the objectives of the presentation are made clear.

2) ORGANIZATION, DEVELOPMENT AND INTEGRATION OF MATERIAL

- 1) Are materials and information grouped effectively?
- 2) Is there orderly, logical progression in the development of the material?
- 3) Are the various parts of the presentation consistent and mutually re-inforcing?

3) CASE ANALYSIS

Introduction
Analysis
Conclusion
Specifics

4) COMMUNICATION TECHNIQUES

- 1) Voice and physical appearance - are they appropriate?
- 2) Language - is it correct and effective?
- 3) Manner - direct? assuring? enthusiastic?
- 4) Reception - what is the effect of the techniques?

5) UTILIZATION OF TIME

Was the presentation paced effectively?

6) OVERALL EFFECTIVENESS

What is your impression of the presentation as a whole?

Case Number _____

Date _____ A.M. _____ P.M. _____

Judge _____

SCHOOL _____

Criteria	Weight	Points	Total	Explanation of marking
1. CLARITY OF THEME AND OBJECTIVES				
Are main points highlighted?				
Are objectives made clear?				
2. ORGANIZATION, DEVELOPMENT AND INTEGRATION OF MATERIAL				
Are materials and information grouped effectively?				
Is the material developed in an orderly, logical progression?				
Are the various parts of the presentation consistent and mutually reinforcing?				
3. CASE ANALYSIS				
Introduction - Analysis - Conclusion - Specifics				
4. COMMUNICATION TECHNIQUES				
Are voices and physical appearances appropriate?				
Is language correct and effective?				
Is there a direct - assuring - enthusiastic manner?				
What effect do the techniques have on the listener?				

Weights

Imperative	5
Critical	4
Important	3
Relevant	2
Incidental	1

Points

Outstanding	10
Excellent	9
Very good	8
Good	7
Fair	6
Poor	5
Unacceptable	4

ORAL PRESENTATION (cont'd)

Criteria	Weight	Points	Total	Explanation of marking
5. TIME UTILIZATION				
Was the presentation paced effectively?				
6. OVERALL EFFECTIVENESS				
TOTALS				

JUDGE'S REMARKS

Signed _____

SESSION D'INFORMATIONS

INFORMATION SESSION

A G E N D A

Mardi, 23 février 1982

Tuesday, February 23, 1982

- 17:00 - 17:15 - Accueil - Présentations
 Welcome - Introductions

- 17:15 - 18:15 - Etablissement des critères et
 les normes du concours.
 Setting up of criteria and
 marking standards of the competition.

- 18:15 - 18:30 - Préparation des formulaires.
 Preparation of marking sheets.

- 18:30 - 19:00 - Dissemination des critères et les
 normes au compétiteurs.
 Information session for contestants.

- 19:00 - Dégustation vins et fromage.
 Wine and cheese.

INVITATION

L'Association des Etudiants M.B.A. de l'Université Concordia vous invite cordialement à la compétition d'analyse de cas au niveau du M.B.A. à Montréal.

Des équipes du Québec et de l'Ontario participeront à plusieurs débats variés, dont tous les sujets se rapportent directement au monde des affaires.

Les débats auront lieu dans l'édifice Hall de campus Sir George Williams, à 1455 boulevard de Maisonneuve ouest, suites: 920, 927, 937, et 1070. L'horaire sera le suivant:

Mercredi, le 24 février, 1982	11:00 a.m. à 1:00 p.m. 9:00 p.m. à 11:00 p.m.
Jeudi, le 25 février, 1982	5:00 p.m. à 7:00 p.m.
Vendredi, le 26 février, 1982	12:00 p.m. à 2:00 p.m.

Une série de dîners et réceptions suivront les débats. Si vous désirez participer à ces événements sociaux, veuillez l'indiquer dans votre réponse afin que nous vous puissions vous faire parvenir toutes les informations nécessaires.

RSVP - le 15 février, 1982

M. Brian Doyle
Compétition MBA
GM 201 - 5
1560 de Maisonneuve ouest
Montréal, Québec
879-8584

EXHIBIT 22

INVITATION

The Commerce Graduate Student Association of Concordia University invites you to attend the Montreal MBA Case Competition.

Teams of students from Quebec and Ontario M.B.A. programs will debate a variety of business topics. The competition will provide a unique opportunity to witness some of the area's most promising M.B.A. students in action.

The debates will be held in the Hall Building of the Sir George Williams Campus, 1455 de Maisonneuve Blvd. West, in Rooms 920, 927, 937, and 1070. Dates and times are as follows:

Wednesday, February 24, 1982 - 11:00 A.M. to 1:00 P.M.

9:00 P.M. to 11:00 P.M.

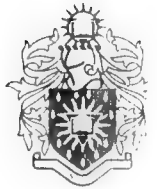
Thursday, February 25, 1982 - 5:00 P.M. to 7:00 P.M.

Friday, February 26, 1982 - 12:00 P.M. to 2:00 P.M.

There will be a series of dinners and receptions following the debates. Should you be interested in attending these functions kindly indicate this in your reply and we will be glad to forward information concerning locations and fees.

RSVP - February 15, 1982

Mr. Brian Doyle,
MBA Case Competition
GM 201 - 5
1560 de Maisonneuve Blvd. West
Montreal, Quebec
879-8584



TO: COMPANIES who donated:

On behalf of the Concordia University Commerce Graduate Student's Association we wish to thank you for your generous contribution towards the first MBA Case Competition.

The competition was an overwhelming success. Five universities, Concordia, McGill, UQAM, Laval, and Ottawa, participated with McGill and UQAM tying in the final debate. The week long event was a very rewarding experience for the students who debated, for those who observed the debates and for the businessmen from the Montreal community who so graciously volunteered their time to act as judges.

We are optimistic that next year more universities will participate and that with each year the size of the competition will grow until it becomes a National MBA Competition.

Once again, we thank you for your contribution and trust that you have found this event an endeavour worthy of your continued support.

Sincerely,

Nora Kelly and
Annette Wilde

NK/AW:lr

CONCORDIA UNIVERSITY

EXHIBIT 24



Montreal MBA Case Competition
Concordia University
March 8, 1982

Mr. Dale Smith
Deloitte, Haskins & Sells
3210, 1 Place Ville Marie
Montreal, Quebec H3B 2W3

Dear Mr. Smith:

On behalf of Concordia University and all the participating teams, Nora Kelly and I would like to thank you for your participation, enthusiasm and expertise throughout the MBA competition.

The competition was a very rewarding experience for all those who witnessed the debates. The participating teams were given a unique opportunity to gain insight into the attitudes and needs of the business community.

To obtain some concrete feedback from you as a judge, we would like to invite you to our postmortem for all those who participated. This meeting is scheduled for: Saturday March 13, 1982 at 11:00, 1550 de Maisonneuve Blvd. Room 504.

In preparation, we would appreciate your giving some thought to those elements (both positive and negative) which you feel are most important to the improvement and continuation of the "Montreal MBA Case Competition."

As Nora and I will be compiling this information for our report, we have inclosed a few questions for thought that will be discussed at our meeting. Your input is an important dimension of our analysis and we would ask you to make your opinions known.

We look forward to seeing you at the above mentioned meeting. Should you be unable to attend, please forward the attached sheet.

Again, thank you very much for your involvement.

Sincerely yours,

A handwritten signature in cursive script that reads "Annette Wilde".

Annette Wilde, Co-organizer

EXHIBIT 24

Montreal MBA Case Competition Post Mortem

Minutes of the meeting held Saturday, March 13, 1982 at 11:00 A.M. GM - 504

Present at the meeting:

Alain Roy - Inst. of Management Consultants of Quebec
G rald Garant - AMBAQ
Glen Sauntry - McGill
Geoff Baird - U. of Ottawa
Anatoly Gann - Concordia
Richard Martin - Concordia
Prof. A. Claus - Concordia
Prof. K. Riener - Concordia
Antonia Zerbisias - Concordia
Jan Cunningham - Concordia
R. deFougerolles - Perco Ltd.
Margaret Head - Concordia
Lawrence Weiss - McGill
Brian Doyle - Concordia
Albert Benchimol - McGill
Michel Gendron - McGill
Creighton Cross - Alcan
Ron Samo - Concordia
Robert Stewart - Concordia
David MacDonald - Concordia
Annette Wilde - Concordia
Nora Kelly - Concordia

The first item was suggestions, recommendations and impressions from the team members.

- (1) Preference for two rather than three debates as this allowed participants more time for rest and socializing.
- (2) There should be a standard amount of time to work on each case.
- (3) There should be no conflicts between social events and time needed to work on cases.
- (4) Rules concerning debating should be more strictly adhered to.
- (5) More debate time allowed between teams.
- (6) It was felt that a greater percentage of marks should be assigned to the responses given during question period.
- (7) Formal feedback from the judges was inadequate. A suggestion was made that the teams be brought in to see the judges following marking to discuss judges interpretation of the case and reasons for marks.

- (8) Proportion of academic judges to judges from the business community was felt to be too great.
- (9) Each judge should ask one question during the question period, at minimum.
- (10) Should be a true round robin. This would ensure each team debates the same cases.
- (11) Cases should be broader in content.
- (12) More social events.
- (13) It was suggested new cases be collected from the business community that contained practical problems. These problems would be solved and the solutions be given the company for a fee. This was viewed to be a means of collecting funds by acting as consultants.
- (14) It was generally felt that the competition was a worthwhile and enjoyable experience.
- (15) Schools would appreciate having the rules and regulations of the competition well in advance.
- (16) It was requested that a list of all the participants and judges be mailed out.
- (17) The method of determining the team to debate first, i.e. a flip of a coin, was found to be unsatisfactory. It was suggested it be determined in advance and that each team be given the opportunity to go first once.
- (18) Suggested time for the Competition to take place was the end of January or beginning of February.
- (19) More comprehensive rules and regulations.
- (20) Timetable was too tight. Should be more time allotted between events.
- (21) More time allotted for typing.
- (22) Cases were considered to be outdated.
- (23) More specification as to how cases are to be presented.
- (24) Judges should introduce the case to the audience before the teams enter.
- (25) Duties of the moderators should be defined.

Feedback from judges:

- (1) AMBAQ and the Inst. of Management Consultants for the province of Quebec will be supporting the Competition next year.
- (2) The cases were too diversified . There should be many dimensions to each case.
- (3) It should be easier to get more business judges next year.
- (4) The consensus on criteria was easily reached and can be used as a base for future competitions.
- (5) There should be a core group of judges, that is four or five, who will be there for the duration of the competition to ensure continuity. This allows greater flexibility to those businesspeople who can judge only one or two debates. Those judging the final debate must have judged at minimum one previous debate.
- (6) Judges would like the opportunity to give more feedback to the teams on the judging.
- (7) More time is needed to read the cases. Suggested six hours in advance at least.
- (8) Greater weight should be placed on the oral presentation.
- (9) Allocation of marks should be known to participants beforehand.
- (10) Better cases were suggested.
- (11) In the oral presentation, more marks should be allotted to form and less to content. As well, more marks should go towards question period.
- (12) Final debate should be video-taped.
- (13) It was thought that with increased publicity and through word of mouth, next years debates should attract more of an audience.
- (14) Continuity from year to year is essential.
- (15) Judges viewed the Competition as a good experience.

Organization Problems

Cases

Cases were considered to be too old and diversified yet because of their age were considered as valid cases. It was suggested that cases be found from within the business community but businessmen present pointed out that problems involving time, cost and confidentiality would make this impossible. It was then suggested that the cases come from the academic community. The argument against this was that problems could arise if cases come from a participating school.

Translation of Cases

Because both english and french MBA schools participate in the Competition all cases must be translated. The cost of translation is approximately \$10,000. It was agreed by all present that translation is a necessity. It was suggested that the cost of translation be spread across the sponsors.

Funding

The cost of hosting the Competition is approximately \$9000 (excluding translation costs). It was agreed that our current sponsors would be approached again for funding. It was also suggested that a non-profit corporation be set up with a Board of Directors comprised of the organizational committee and a representative of each sponsor, the core of judges, This will ensure continuity from year to year as well as act as a fund-raising body. This Corporation was likened to the Olympic Committee.

Other suggestions for funding include:

(1) Each participating university would be a fee to participate. A suggested amount was \$1000. An argument against this was that each university would then demand a say in the organization, making the competition an organizational nightmare.

(2) Costs could be reduced by having teams pay for their own expenses. That is to say, meals, accommodations, etc.

Future of Competition

Imperative to the success of the Competition in the future is that it remain in the hands of the student body of the hosting university.

In future, "the event should be held on a weekend instead of during the week. Suggested timing was between Thursday evening and Sunday. The weekend arrangement was considered best by both team members and judges and was suitable for availability of classrooms. Attempts to initiate other regional competitions in central and western Canada should be made.

Immediate Future

On the presumption an organizational committee is found at Concordia, the Competition will remain at Concordia for 1983. It will remain regional in scope but expand to eight teams. This regional competition will ensure the bilingual aspect of the event. It was suggested we add HEC, Sherbrooke and Moncton.

The organizational committee should include a member from each participating school.

EXHIBIT 25

EXPENSES (approximate)

Social Events	Saga	\$ 900.00
	Crêpe	375.00
	Clafonti	300.00
	Nightcap	100.00
	Awards Banquet	2,000.00
	Wine	250.00
	Liqueur	30.00
	Coffee & Donuts	100.00
	Lunch	50.00
	Cocktail Party	700.00
	Post Mortem	100.00
		<u>\$4,950.00</u>
Operational	Photocopying	\$100.00
	Printing	200.00
	CASS	100.00
	Telephone	75.00
	Supplies	100.00
		<u>\$575.00</u>
Judges	Correspondence	\$ 50.00
	Gifts	250.00
		<u>\$300.00</u>
Miscellaneous		<u>\$200.00</u>
Translation (not actualized) 10,000		
	TOTAL EXPENSES (approx.)	<u>\$5,980.00</u>

EXHIBIT 26

MBA CASE COMPETITION

HALL BUILDING, SIR GEORGE WILLIAMS CAMPUS

CONCORDIA UNIVERSITY

Wednesday, February 24, 1982

11:00 A.M. - 1:00 P.M.

Oral Case Debates

Concordia University vs Univ. de Québec Room 520

McGill University vs Univ. Laval Room 420

9:00 P.M. - 11:00 P.M.

Oral Case Debates

University of Ottawa vs McGill Room 420

Thursday, February 25, 1982

5:00 P.M. - 7:00 P.M.

Oral Case Debates

Concordia Univ. vs Univ. of Ottawa Room 520

Univ. Laval vs Univ. de Québec Room 420

Friday, February 26, 1982

12:00 P.M. - 2:00 P.M.

Final Oral Case Debate

Room 937

2:00 P.M. - 4:00 P.M.

Awards Banquet

Ritz Carlton Hotel

COMPETITION MBA

L'EDIFICE HALL, CAMPUS SIR GEORGE WILLIAMS

UNIVERSITÉ CONCORDIA

Mercredi, le 24 février, 1982

11:00 - 13:00 h

Débats Orals

U. Concordia contre U. de Québec H 520

U. McGill contre U. Laval H 420

21:00 - 23:00 h

Débats Orals

U. de Ottawa contre U. McGill H 420

Jeudi, le 25 février, 1982

17:00 - 19:00 h

Débats Orals

U. Concordia contre U. de Ottawa H 520

U. de Laval contre U. de Quebec H 420

Vendredi, le 26 février, 1982

12:00 - 14:00 h

Finale

H 937

14:00 - 16:00 h

Banquet

Hôtel Ritz-Carlton

EXHIBIT 27

MBA CASE COMPETITION TEAM MEMBERS

Concordia University

Robert Stewart
Anatoly Gann
Antonia Zerisias
David MacDonald

Université Laval

David McMurray
George El-Hage
Annar Meriouma
Mark Sparrow

McGill University

Albert Benchimol
Lawrence Weiss
Michel Gendron
Glen Sauntry

University of Ottawa

Audry Robinson
Jeoffrey Baird
Claude Tremblay
Lucie Lapointe

Université de Québec à Montréal

Michel Dugré
Charles LeBorgne
Louise DesLoriers
Paul Sauvé

SAMANTHA SPORTSWEAR, INC. (A)

Samantha Sportswear, Inc., was a well-established manufacturer of women's clothing, with an annual sales volume of approximately \$22 million. Samantha's two divisions - Junior Girls' and Women's - were organized as separate product lines and distributed on a nationwide basis. The sportswear items were manufactured at two locations in Pennsylvania and marketed through offices in New York.

*marketing
prod. location*

In October 1967 the management of Samantha Sportswear met to consider reorganization of their sales force. A decrease in sales volume, dissatisfaction on the part of several salesmen, and recent management changes had led them to question several aspects of their selling organization. Sam Stein, Samantha's President, began the meeting by saying:

I think the basic organizational question is this. Is "vertical selling" helping us or not? If not, what should replace it? Our old structure? Something else?

We really aren't in a position today where we can allow for an inappropriate or sloppy form of sales organization. Things are getting tight. As you know, this is the fourth season in a row when sales are considerably less than the same period a year before. If this continues, we're in real trouble.

trend ↓

The History of Samantha

Samantha Sportswear, Inc. was organized in 1947 around a knitting mill in Belton, Pennsylvania. Initially they manufactured wool sweaters which were then sold to retailers by three salesmen. The owners' original strategy was to emphasize the quality of their products which, as a manufacturer, they could control. (Some of Samantha's competition subcontrolled all manufacturing and only did design, merchandising, and sales.)

As the company grew, other wool and synthetic items were added to the Samantha product line. Synthetic and woolen yarns were spun, dyed, and knit at the Belton mill; cut and sewn wool garments such as skirts and slacks were manufactured at a factory in Wharton, Pennsylvania; and cotton and synthetic cut and sewn items were subcontracted. These garments were designed, marketed, and sold through offices in New York.

By 1965 the sales organization at Samantha had 26 salesmen organized into two divisions: (1) Junior Girls' (garments for junior sizes 5 to 15 and (2) Women's (consisting of items in ladies 8 to 18 sizes). Dan Rubin, an early member of the firm, was largely responsible for the development of the Junior Girls segment of the business. As Junior Girl's Division Manager he handled both sales (supervising the salesmen) and merchandising (supervising designers, planning the line, setting prices) management. Jason Grant

This case was prepared as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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was hired in 1960 as sales manager for Women's; Bernard Kasdin handled merchandising for that Division. Early in 1967 Grant quit, and Kasdin was given sales management duties in addition to his own.

The Samantha salesmen operated in territories which ranged from one to five states in size. Salesmen retained almost complete freedom in their operations and behaved much like independent entrepreneurs. No formal training program existed. They were paid on a straight or sliding commission basis. The average compensation was 6% of sales, and this rate was considered relatively high for the industry. Although the majority of salesmen earned 10 to 20 thousand dollars annually in commissions, top salesmen earned up to \$110,000. *Salary*

By 1965 these salesmen were selling about \$20 million worth of the Samantha product line which included wool and synthetic knit sweaters and swimwear, wool and cotton dresses, and sportswear (skirts and slacks). Samantha, however, was generally described in the clothing industry as a skirt and sweater house. These garments were designed in basic and fashion styles, and generally in coordinated colors, i.e., matching or complementary tops and bottoms. "Basic" refers to the more conservative, timeless styles, such as a crew neck Shetland pullovers and cardigans; "fashion" refers to more extreme styles in unusual knits and colors, such as fisherman knit sweaters or the "poor boy" sweater. Volume percentages of the two divisions for the 1967 holiday line were as follows: Junior Girls' - 43.4%, and Women's - 56.6%.

Knitwear was produced according to three main buying seasons: spring, back-to-school, and holiday. Colors and fabrics were adjusted to seasonal weather and fashion, for example, swimwear and shifts were included in the spring line, and skirts and sweaters in fall colors were emphasized for back-to-school. *Seasonal*

In June of 1965 management of Samantha settled on a new approach to the selling function. David Zweibel, who had been the company's outstanding salesman, had offered his services as a market specialist for Samantha, to work with and train salesmen in the field. An arrangement was made whereby Zweibel would become vice president of sales, and work in test areas with salesmen in an attempt to realize the full sales volume potential of a particular area. In addition he would evaluate salesmen, advise management on sales organization, territorial divisions, and commission arrangements, and make recommendations for future management in the area. It was agreed that once an area was assigned to Zweibel the salesmen would report directly to him. Prior to this all salesmen who sold Junior Girls' exclusively reported to Rubin and Women's salesmen reported to Kasdin. *Sales*

As a result of his experiences in the test areas, Zweibel in 1966 decided to introduce the concept of vertical selling to the sales force. Although many Samantha salesmen had historically carried only one line, Mr. Zweibel felt that a more efficient system would be to reduce the size of a salesman's territory, and give him both divisions to carry. With top management's approval, he began implementing this change on a gradual basis.

- 3 -

In October of 1967 the Samantha line was carried by 31 men; six Junior Girls' salesmen, 10 Women's salesmen, and 15 salesmen who carried both divisions. (See Exhibit 1 for the background of these salesmen.)

The impact of "vertical selling" was far from obvious after one year of partial implementation. Reaction to it at Samantha was mixed.

The Sales Task

Each salesman operated in his own territory, working out of his home or an office. Salesmen with larger and more successful territories were encouraged by management to hire assistants, whom they compensated from their own funds. All costs involved in selling, such as advertising, travel, and entertainment, were met by the salesman himself. (See Exhibit 2 for a list of which salesmen had assistants and/or maintained offices.) *efficiency test*

During the three main selling periods, which lasted approximately five weeks each, salesmen were "on the road," since accounts could be anywhere from 10 to 1,000 miles from their homes. The back-to-school line was sold from March 5 to May 30; holiday from August 25 to September 30; and spring from October 25 to December 10 and from January 2 to February 10 (the "split road" occurred in the spring line selling because the tendency was for stores to buy light initially and place heavy reorders).

back Salesmen were concerned with two basic activities during these peak selling periods: (1) creating new business by selling new accounts, and (2) obtaining substantial orders from established accounts. Salesmen looking for new accounts in department stores called on a buyer or merchandise manager with samples or "bait" only after researching the store to ascertain which departments were not completely stocked with merchandise from a competing line. The following comment typifies the attitude of Samantha salesmen concerning this facet of their job:

I try to convince him [buyer or merchandise manager] that Samantha is necessary after I have seen that department. You have to use common sense to figure out why you should be in that department - your merchandise has to dovetail with what they have already.

After selling merchandise to an account, an order for the amount of goods desired was written up and sent to the mill in Pennsylvania. According to their "first-in - first-out" policy, goods were delivered according to the earliest order date, regardless of the size of a shipment.

Between selling periods salesmen were free to service their accounts, counting stock and writing reorders. Some of the more entrepreneurial salesmen picked up other products (like handbags) to sell during these periods.

exclusivity

- 4 -

Recent Changes in the Business

Certain changes in the garment and retailing field seemed to affect the Samantha salesmen. Due to a tendency towards more specialized buying in the stores, salesmen found that they could no longer depend as much on personal and business relationships which they had built up with buyers over the years. Individual store buyers were being given less authority, and merchandising managers became more involved in the buying decisions. Larger stores had become "number oriented" in their evaluation of sales performance, and salesmen were affected in several ways. Bill O'Mahoney's description typified the position of Samantha salesmen in this situation:

It used to be that buyers bought everything - one woman at [a large midwestern department store] bought all the sportswear. Today there are seven buyers and two merchandise managers.

The buyer today is strongly supervised. Samantha is correct in using me almost as a product manager in this situation - it enables me to talk more effectively on the merchandise level if necessary, rather than in a salesman-buyer relationship.

Buyer

In Ohio [a department store chain] used to have one store - now they are spreading all over the state. They will probably have 8 or 9 locations within the next few years. I must have a larger sales concept.

Buying is centralized. The buyers are no longer on the floor. I get to know more about what's going on on the floor than the buyers. I now talk on a divisional level because of the dollars involved. The risk is greater, but also the opportunity for service is greater.

A more recent development concerned the "fashion" aspect of the industry. Department store customers were buying more fashion merchandise, and buyers discovered that the basic styles which had always been reliable sellers were providing less and less of total sales. Fashion and novelty numbers suffered the greatest markdown, however, and buyers were anxious not to be overstocked in these items. They tended to play it safe by placing smaller initial orders on fashion merchandise and reordering individual numbers which turned out to be best-sellers.

fashion

The volatile nature of fashion trends made it almost impossible to predict what was going to retail most successfully. Samantha conformed to the new buying patterns by expanding its line to include fashion numbers; concern about end-of-season closeouts, however, caused Samantha to stop production of fashion and novelty items first. Because it took eight weeks to complete a sweater, Samantha had to anticipate reorders and manufacture sufficient quantities to fill them, but this production policy prevented

follower or trend setter

- 5 -

Samantha from accommodating many reorders. The firm could not exist solely on its basic sweater business, and several people felt that there was a definite need for an ability to predict these trends.

The Buyer

The case writer interviewed five buyers in large metropolitan department stores to establish their impressions of the salesman's role, and more specifically to find out what influenced them to buy a particular line. Miss Morgenstern, buyer for the size 5-15 girls' department in a major store, had been buying for 30 years. She commented:

Morgen [The main reason I buy a line is the merchandise - this is number one. A salesman might influence me in a situation where I was considering two lines of equal quality, but I like to keep myself open.

Mrs. Shore, buyer in the same department in a competing store, concurred: "My buying starts with merchandise."

Miss Fernald, buyer for the preteen department of a very progressive fashion-oriented store, had been a buyer for three years. She was quite adamant about her reactions to a "sales pitch":

I don't like a salesman who come in and starts talking - telling me about his firm's incentive plan, markdown, etc. I want to see merchandise. And if it is not the right merchandise for my store, I don't care about their delivery system, how they will pay 50% if we run an ad, or any of these things. This annoys the hell out of me.

Miss Morgenstern explained that she did not rely on salesmen but shopped in New York in March, September, and January for her merchandise:

I buy in New York at the shows - I shop all of the lines - I cover every resource. During these days I shop from 9 to 9 - this is a very valuable opportunity for me to see everything that is available. It is also a good chance for my assistant buyers to meet all the salesmen.

Mrs. Shore and Miss Fernald both stated that they did not accept assistance from salesmen in making a buying decision. Miss Fernald explained that she accepted help in this regard from only one salesman that she had known a long time, and whom she felt had helped her a great deal in her profession:

I look at all the merchandise and then I buy. I decide how much stock I want to start and end with. Dave Zweibel is the only salesman who helps me decide how much. I know the percentages I want, and he figures out how much of what merchandise should go to which store. Essentially he helps me with the arithmetic.

- 6 -

Mrs. Shore, who bought for the same store, explained how she did her buying:

I work on a plan basis - I figure out the numbers and break them down by stores.

I don't rely on a salesman's advice on what to buy. Often they don't know market trends. They know their own line but not the whole market. I might ask him what he is booking best in other stores, just to get an idea.

The casewriter asked the buyers if they had felt any changes in the industry, and if so, how these had affected buying patterns. Miss Morgenstern explained:

Today everything is fashion. It used to be that everything was basics - we could carry 10 styles. Now we have 40-50 styles.

Our main line is Samantha - we have carried it for 20 years. There is customer acceptance with a brand name, and we know it is good quality. However, buying patterns have changed. We no longer buy 80% of our stock early - we reorder.

We find that a large house like Samantha can't deliver. We have to order Samantha eight weeks in advance, but smaller firms which carry fewer items are quicker. For novelty items we use small houses.

Miss Brodie, a ladies' sportswear buyer in the same store as Miss Morgenstern, had been at her job for two months. She concurred with this approach:

We get novelties from other houses. It takes eight weeks to knit a sweater, and with a big company they stop cutting their fashion items first and we can't reorder them. So we use other smaller companies for this fashion resource - they can deliver reorders.

All the buyers interviewed agreed that this situation existed, but several dealt with it differently. Miss Fernald explained how she met the problem:

Eighty-five per cent of our stock is fashion merchandise - it turns over very quickly. By the time you reorder an item and get delivery on it, it is too late and the customer doesn't want it anymore. Instead I am always looking for something new from the market.

- 7 -

Mrs. Shore explained her attitude about fashion and reorders:

I realize that I can't reorder from a big firm like Samantha, so I place the initial order in depth. They made up a kilt skirt out of a certain plaid especially for me, and I know I can't get any more of them.

You only sell something once. In a branch store, especially, if you have the same customer coming in once and twice a week, she has seen a coordinate group and bought it. The next time she comes in she is looking for something new. I reorder basic items and types of things - for example, striped knit dresses.

fashion + reord

One change in retail operations which was brought to the case-writer's attention was the new "numbers" approach to buying. In past years buyers were able to choose quite varied items for their departments, knowing that everything would sell eventually. However, in recent years stores had begun to evaluate the retail check-out rate on a day-to-day basis, with an objective of fast turnover. Because of this system, buyers had to acquire the merchandise which was currently in greatest demand; the more unusual, slow-selling items were relegated to specialty stores and boutiques. Miss Fernald explained the system at her department store:

There are nine stores involved in my buying decisions. I have a book here, with one column for last year's sales and another column for this year's. I have the figure for November 27 last year and I will fill in today's sales figure next to it. As you can see, some days I am over last year's figure, other days we go in the hole. Also, every two weeks I get a breakdown which shows my department's sales, profit, gross intake, markdowns, etc., for this two-week period this year and last year. This year I am behind - business is bad in skirts and sweaters, and all the sales are in the dress department.

You can't buy off the top of your head - I have to have a plan, some solid basis for my buying decisions. Then I can start buying.

The casewriter asked buyers what influenced them favorably in regard to a salesman. Miss Fernald explained her attitude:

I like a salesman to be interested in the store, to ask about our problems with deliveries, to give me information I can use in meetings - for example, new ideas and techniques for selling.

- 8 -

One of our salesmen is a young man who puts on shows for the buyers and sales people. Instead of just showing his merchandise in the traditional way - holding it up and saying this is such and such - he is very imaginative. One time he brought out a model who was wearing a pair of slacks, seven skirts, seven sweaters, and a blue blouse. He proceeded to undress her, and everytime he removed something, her outfit was still well coordinated.

The following are typical comments from other buyers:

- I like to get a salesman's advice on what to buy - they know what's what, and it behooves them to tell you because they make their money or reorders. Also I need the salesman to count inventory - I expect that. I can't be on the floor all the time - I can't keep track of everything.
- Every little bit helps.
- The main thing I expect of a salesman is that he be well informed. I don't want him insulting my intelligence with his sales pitch.
- A salesman has to have my confidence. A large metropolitan department store has buying power - we are a big store, and manufacturers know we will display their merchandise in the best possible way.
- I don't like the pushy kind of salesman, either, who sells you all he can and then you don't see him again until next season.

When asked about the role of entertainment and personality in selling, Miss Morgenstern said quite frankly that she did not believe in the practice of "wining and dining":

Salesmen have heavy expenses, they work a full day, and they have wives and families. I don't believe entertainment is part of the process. Once in a great while I will have lunch with someone, but I don't want to feel obligated. You should keep free.

Miss Brodie commented:

When you are new you get everyone approaching you. Some of the salesmen are obnoxious, but personality does enter into your buying decisions after a while.

- 9 -

Miss Fernald told the casewriter that she thought being entertained in the evening by a salesman was ridiculous:

Entertainment? Who needs it. I never expect anyone to take me to lunch or dinner. I have my own circle of friends, and I don't need to be entertained in the evenings. If I go to lunch with someone, it is because they are people I enjoy, not because I want a free meal. Salesmen are people with wives and families - why should they have to spend their income entertaining me?

It would never influence my buying - the merchandise has to be good for this store, no matter what. It is the same with gifts - if I am going to buy a line it doesn't matter whether the salesman gives me a Christmas gift or not.

It might be different for someone if the store were their whole life, social life included.

A sportswear buyer from a large New York department store expressed his opinion:

My first responsibility is to the store . . . I never allow myself to feel obligated.

I'm not interested in being entertained, unless it happens to be a day when I feel like a free lunch and all I have to do is find a salesman. But this is New York - farther away from the city they are probably more impressed by this.

Vertical Selling

Zweibel, who had introduced the idea of vertical selling to the Samantha sales organization, explained to the casewriter why he had promoted this setup:

The most successful men in the sale organization are carrying both lines - Starr, Greenberg, and me. If a salesman doesn't carry both lines he ends up with a side line - your income is not sufficient.

If a salesman carrying both lines is doing a million in business, and grossing \$50,000 in commissions, when he decides he wants to change he has to replace Samantha with two firms. No one else has our setup. If a salesman does only a quarter million in business, carrying one line, he can say O.K., I'll be satisfied with a quarter million from Samantha and take on another line.

- 10 -

He gave one reason why a salesman might have some difficulty adjusting to vertical selling:

It takes a little more talent to sell women's than junior girls' - we are a by-word in junior girls', but we do not have this reputation in women's wear. Also, selling is a faster game - fashion moves faster, changes are more frequent.

Salesmen differed in their opinions concerning the vertical selling plan. John Starr had just completed a year of selling both Junior Girls' and Women's. He told the casewriter he felt certain that he could handle even three lines by adding assistants to count stock and sell small stores. Mark Simone, an up-and-coming salesman, said he would be happy to carry both lines as well. Bill O'Mahoney, another successful salesman, preferred to carry both lines:

I like the idea of representing Samantha, not a range of sizes. Also I like the total merchandising concept of constantly working with and servicing the stores. To me, two men selling a store is ludicrous.

Arnold Greenberg, who had always sold both Junior Girls' and Women's, expressed his feelings about vertical selling:

If you have a lousy salesman, better have him responsible for as little as possible. With a good salesman, have him carry as much as possible.

With a smaller territory, you can spend more time with the customer. Suppose you are a merchandise manager or top executive with a large department store - you have to think in the total store point of view. If you have two salesmen for two divisions he says what will each of you do for Samantha concept in the store, instead of being able to talk to one specialist in Samantha. You have to have someone who can talk with authority for all of Samantha.

Jack Schultz, rated by management as an average salesman, thought that selling two lines would be an impossible task. Sid Samuelson, who carried Junior Girls', also felt it was better for a salesman to carry just one division:

I have fought this tendency for carrying both divisions at Samantha. The buyer is looking at Women's while you are showing Junior Girls', and the cost of two sample rooms is prohibitive. Too many people to work with. Also, all my friends and acquaintances are in the Junior Girls' field.

contact

- 11 -

Other salesmen did not feel strongly about carrying both divisions, but preferred one particular division to another because they were already acquainted with buying patterns in that field, and did not want to pioneer another division. Several salesmen felt that the Women's division offered a better volume potential than Junior Girls'.

Carl Lowe, Samantha's Executive VP for Finance and Manufacturing, was not sure whether the vertical setup should be continued:

It reduces time and expenses. By concentrating on a smaller area, the salesman should be able to provide better coverage and service to the department stores.

However, some salesmen who have been carrying one line don't like this. They think of themselves as specialists who can give fashion advice. They feel it is impossible to show a lot of samples properly.

Also, a lot of salesmen do their selling on a personal contact basis, and they really know this area. If this area is cut and they have to take another line, the salesman has to do a lot of pioneering.

The methods of merchandising Junior Girls' and Women's are different. Samantha Junior Girls' is high priced, usually the better line in a department. In the ladies' line they are more low priced. This may not be compatible with the way a man sells. *cond*

Often there are marketing shows which would necessitate a salesman being in two places at one time. Sometimes selling seasons don't coincide - Junior Girls' may go out earlier than Women's.

Other Current Issues and Problems in Sales

When questioned about their reasons for coming to work for Samantha, the majority of salesmen noted (1) a respected brand name, (2) the high quality of the Samantha product, (3) a reputation for ethical and stable management, and (4) perceived growth potential. At the present time, however, various salesmen mentioned dissatisfaction with one or several of these points.

Robert Edison, who had been selling Samantha for one year, explained that he had joined the sales force after working for another clothing manufacturer because of Samantha's reputation for stable management and income potential. At the end of the year, he found his commissions to be much lower than expected, and the pleasant working relationship he had anticipated with management had not materialized:

- 12 -

Lines of communication to New York are very fuzzy - I don't know quite what function Dave serves. I sense a lack of direction at the top - this lack of direction affects my confidence in management's stability.

When an organization is harmonious this is felt - it used to be a point of strength with Samantha. Now I sense antagonism, conflict. At the sales meeting I noticed a complete lack of fire - salesmen sat on their hands. Management has become impersonal.

My territory is too small - I used to have all of New England.

Ben Turner, another new salesman, expressed a similar disillusionment with the firm's management:

There are too many chiefs and not enough Indians. Everybody is running in different directions. There are no clear-cut areas of responsibility. I can't say definitely, but I think Dave Zweibel is my boss.

All salesmen interviewed criticized Samantha's delivery system and lack of flexibility in production. Samantha's policy was that goods were shipped according to the order date only. Many other clothing firms gave delivery priorities to more important accounts, but Samantha management felt that an impartial delivery system was fairest to all concerned, and less complicated in the long run. Often salesmen felt these problems to be a serious detriment to their selling success, and to Samantha's public reputation. Typical comments were:

- No matter how good our number is, and even if the store is willing to wait the length of time required to deliver it, they still must buy someone else's sweater in the meantime.
- Our ability to deliver on time has been our biggest enemy. I'm having a tough time maintaining good relations giving excuses.

John Starr criticized the "first-in - first-out" policy:

I think we have to vary from this policy now and then because it costs us big accounts. For example, a buyer at a [large midwest department store] whom I've tried to sell refused to do business on two sizes with me because I won't promise her delivery preference.

Dave Zweibel, one member of Samantha management who favored a regional sales manager setup, explained why he thought this would benefit the firm:

Regional sales management is a good idea because it is impossible for one man to watch 24-30 salesmen. If it were done on a regional basis, you would deal with one regional manager representing five or six men instead. And this is how it is usually done.

Another reason - for the best interests of the corporation, the office in Chicago should be owned by Samantha, not the salesman. If there is a disagreement and the salesman quits, people are still used to coming into that one office.

The argument against this is that it is too costly. I can't see it. I think we can start with three regional sales managers - in Chicago, California, and the South. This alone would relieve the man at the top of fifteen men.

Samantha spends \$50,000 on a machine that may be obsolete in 4 years, but they won't spend a dollar on their sales force. Without sales, the firm doesn't exist. Without the machine, we might have 3-4 less numbers in the line, but we could still exist.

Bernard Kasdin felt that sales and merchandising should be split. My own personal capabilities are in merchandising. Someone else should handle sales, someone good in sales management.

George DiJulio, comptroller for Samantha, expressed a need that he saw for a strong marketing attitude in sales management:

We don't have a sales management which is oriented to retail needs. Sales does not have a sufficient voice in manufacturing. We must realize that Samantha can't sell everything the mill makes.

We need top marketing and sales management. We need a fresh approach. We should investigate all routes. Why do we lose accounts? Where is the retail business to be had? Should we have big store men and little store men?

DiJulio felt that a marketing-oriented manager who obtained feedback from the salesmen on current selling patterns, could predict fashion trends more accurately than Samantha was at present able to do, advise manufacturing accordingly, and thereby enable the mill to produce more salable merchandise:

Could it be assumed that much of the knowledge about the direction of the new season was present at the retail level last season? Could the look or the color trend have been evident based on last season's retail check-out? I submit that it was there, and that we should have been aware of it.

Carl Lowe disagreed with DiJulio on this idea:

You can't escape the fact that this is a fashion business. Fashion means the public will buy something that's different, and feedback looks backward. What you're trying to do is say what happened yesterday is going to happen again tomorrow. You cannot forecast this way in the fashion business.

25 Sales

Exhibit 1
SAMANTHA SPORTSWEAR, INC.
Background of Samantha Salesmen

<u>Name</u>	<u>Age</u>	<u>Place of Birth</u>	<u>Number of Years with Samantha</u>	<u>Educational and Professional Background</u>
W. Baker	40	Paris, Kentucky	3-1/2	Boston College and University of Rochester; formerly with a major sportswear house.
Kenneth Burns	29	New York, N.Y.	2	Colgate College; formerly with two major women's clothing manufacturers.
Alan Caldwell	32	Portland, Oregon	3	University of Oregon; formerly with an electrical supply firm.
Edward Capello	51	Kansas City, Mo.	4	Washington University; formerly with a sportswear manufacturer.
Robert Edison	50	Bronx, N. Y.	1	New York University; formerly with a toy manufacturer.
Ray Folger	45	Camden, N. J.	3	Formerly with a major sportswear house.
Al Goldman	47	New York, N. Y.	17	Formerly with a dress manufacturer.
Joseph Gordon	47	New London, Ontario	5	Ontario Business College; formerly with a sportswear house.
Arnold Greenberg	39	New York, N. Y.	14	Columbia University, Bard College.
Saul Hochman	42	Bronx, New York	7	University of Wisconsin; formerly with a ladies' clothing firm.
Henry Isenstein	49	Knoxville, Tenn.	20	Formerly with Knoxville Deposit Bank.
Abe Kahn	49	Houston, Texas	10	Texas A and M; formerly with a sportswear house.
Mort Katz	39	Cleveland, Ohio	4	Western Reserve University and University of Florida; formerly with a sportswear house.

93.5

19/25 = 78%

- 14 -

475-053

10 NY

Exhibit 1 (continued)

<u>Name</u>	<u>Age</u>	<u>Place of Birth</u>	<u>Number of Years with Samantha</u>	<u>Educational and Professional Background</u>
Albert Kievman	32	Washington, D.C.	8 mos. 67	Boston University and Georgetown University; formerly with a large eastern department store.
Stanley Laufer	56	New York, N. Y.	20	Formerly with a knitwear firm.
Reuben Levy	41	Manchester, N. H.	2	Harvard College; formerly with a knitwear firm.
Larry Litwin	58	Brooklyn, N. Y.	16	Queen's College; formerly with a knitwear firm.
Thomas McCoskry	43	New York, N. Y.	1	Hofstra College; formerly worked as an assistant to David Zweibel selling Samantha.
William O'Mahoney	42	Columbus, Ohio	7	Princeton University; formerly with a large mid- western department store.
Sidney Samuelson	56	New York, N. Y.	11	Formerly with a children's wear firm.
Earnett Sanders	38	New York, N. Y.	4 mos.	University of New Hampshire; formerly with a sportswear house.
Mark Simone	29	Pittsburgh, Pa.	3	Formerly with a major sportswear house.
John Starr	31	Michigan	4	University of Hawaii; formerly with a knitwear firm.
Ben Turner	31	Camden, N. J.	4	University of Florida; formerly with a ladies' shoe company.
Robert Zimmerman	40	San Francisco, California	17	Yale University, USC; formerly with a family- owned retail business.

Data on six salesmen was not available.

ave
41.84ave
6.46

Exhibit 2

SAMANTHA SPORTSWEAR, INC.

Salesman Activities in 1967

<u>Salesman Code Number</u>	<u>Territory</u>	<u>Office</u>	<u>Assistants</u>	<u>Divisions</u>
#1	Kentucky, W. Virginia	---	---	Junior Girls' and Women's
#2	Washington, Oregon, Idaho*	yes	---	Women's
#3	N. Carolina, S. Carolina, Virginia	---	---	Women's
#4	Massachusetts (except Boston and Springfield)	---	---	Junior Girls' and Women's
#5 **	Indiana	---	---	
#6 **	Connecticut, Providence, R.I., Springfield, Mass.	---	---	Junior Girls' and Women's
#7	So. California	yes	one	Women's
#8	W. Pennsylvania	---	---	Junior Girls' and Women's
#9	Montana, N. Mexico, Utah, Idaho, Colorado, Wyoming, Nevada*	---	---	Women's
#10	Delaware, Maryland, Washington, D.C., Virginia,* Pennsylvania*	---	two	Junior Girls' and Women's
#11	Wisconsin, Iowa, North and South Dakota, Minnesota	---	one	Women's
#12	Alaska, Oregon, Utah, Montana, Idaho, Colorado, Washington, Wyoming	yes	---	Junior Girls'

*These states are divided between two or more salesmen.

**Salesmen who have been with Samantha one year or less.

Exhibit 2 (continued)

<u>Salesman Code Number</u>	<u>Territory</u>	<u>Office</u>	<u>Assistants</u>	<u>Divisions</u>
#13	Ohio	---	---	Junior Girls'
#14	Arkansas, Texas, Louisiana, Oklahoma	yes	one	Junior Girls'
#15	Wisconsin, Minnesota, N. & S. Dakota, Iowa,* Nebraska	---	---	Junior Girls'
#16 **	Texas	---	---	Women's
#17	Kansas, Iowa, Mississippi, Illinois	---	---	Junior Girls' and Women's
#18	Maine, New Hampshire, Vermont, Rhode Island*	---	---	Junior Girls' and Women's
#19	New Jersey, Long Island, Westchester County, N. Y.*	---	one	Junior Girls' and Women's
#20 **	New York*	---	---	Junior Girls' and Women's
#21	Ohio	---	one	Women's
#22	N. Carolina, S. Carolina, Virginia	---	---	Junior Girls'
#23	Illinois, Indiana, Missouri, Kansas, Nebraska	---	---	Women's
#24 **	Kansas, Iowa Mississippi, Illinois	---	---	Junior Girls' and Women's
#25	Michigan	---	one	Junior Girls' and Women's
#26	Alabama, Tennessee, Mississippi	---	---	Junior Girls'
#27	Arizona, Nevada, New Mexico, California, Hawaii	yes	two	Junior Girls'
#28	New York,* Massachusetts*	---	---	Junior Girls' and Women's

*These states are divided between two or more salesmen.

**Salesmen who have been with Samantha one year or less.

WESTERN MANAGEMENT

CONTINENTAL REALTY LIMITED

"This company has been immensely successful", said John Morrison, President of Continental Realty Ltd., as he looked west from his Vancouver office window, "and we intend it to continue that way." His view of the skyline was punctuated by construction cranes rising above the foundations of new office towers. The West was booming and the company was growing apace. "The challenge", he said, "will be in finding the best people and keeping them with us."

Background

Continental Realty was one of the largest commercial and industrial real-estate agencies in Canada. In 1978, the company acted in lease and sales transactions totalling more than \$200 million, almost double the business done in 1974. The first office and present headquarters of the company was in Vancouver. Branches operated in Calgary, Edmonton, Toronto, Houston, and Phoenix. Continental currently employed over 40 agents; but its early days were very much the story of one man, Gordon Nelson, owner and Chairman.

Nelson grew up in small-town Alberta, where he caught a sense of the coming promise of the West. He went East to obtain an Honours Business Administration degree from The University of Western Ontario, and then spent a year travelling and studying in Europe. On his return, he entered the real-estate business. In three years, he moved from Toronto to Winnipeg to Vancouver.

Nelson derived his eventual approach to operating a real-estate agency from his experience during these early years. His employers and colleagues were secretive -- unwilling or unprepared to teach him the business. Information, even technical and background data, was treated as a resource to be rationed. Nelson persisted and eventually met a senior industry executive who was prepared to share his knowledge and who helped Nelson develop the technical expertise needed to move ahead in the business.

Nelson sold over \$7 million worth of property in his first year with J.B. Hobbs & Co. in Vancouver. Shortly after, in 1960, with two partners, he bought out the Hobbs agency and changed its name to Continental Realty.

Case material of the Western School of Business Administration is prepared as a basis for classroom discussion. This case was prepared with the cooperation of a company which wishes to remain anonymous. Names, locations, and figures have been changed; but essential practices, circumstances, and relationships have been preserved.

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Continental prospered, but the deal which established Nelson's reputation was Burrard Square. In the spring of 1960, while examining an aerial photograph of Vancouver, Nelson became intrigued with a spread of property between the railway mainline and Burrard Inlet immediately west of the city's downtown core. The property, owned by Construction Aggregates Ltd., was the last fully-assembled, yet undeveloped, parcel in the area. Through his investment contacts, Nelson determined that a British-financed firm, Tate Development Corp., was seeking attractive investment opportunities in North America. He evaluated Construction Aggregates' willingness to sell, convinced Tate of the property's investment potential, and the concept of Burrard Square was born. The steps from concept to reality were protracted, marked by continuous negotiation as designs, approvals, financing and tenants were brought together. But in 1965, in what was then a landmark deal for Vancouver, arrangements were completed and construction started on the \$50-million integrated apartment, commercial and retail complex.

In early 1966, with the Burrard Square deal under his belt, Nelson expressed his optimism about the future prosperity of the West and his company:

"There's hardly any limit to the development potentialities of the Canadian West. The best sites in the East are gone. The West has everything: space, fast-growing population, good labour supply, vast deposits of minerals and other resources, cheap power, good transportation. It's destined for the biggest boom in Canadian history."

As Continental grew in volume and geographic coverage, Nelson crystalized a strategy and set of operating policies which made the company unique in the industry. These policies were at once the roots of Continental's success and the cause of concern over future growth.

The Business

Continental confined its operations to the commercial and industrial realty markets, where it aimed to operate as one of the few true "agency" businesses, as compared to the hundreds of "brokerage" operations across the country. According to Bob McLaren, Continental's general manager, the distinction lay in the degree of professionalism in the operator's methods.

To draw a clear contrast, McLaren compared residential selling with Continental's approach. He explained, in his usual hyperbolic style: "The residential business is largely a clearing-house operation. That's what the Multiple Listing Service (MLS) is all about. All the houses for sale are in a big pot with an index card and they are picked out of a hat and fed to the prospects. The residential realtor aims at completing a sales transaction. He derives his commission not from counselling his client but from moving the property." It was not surprising, according to another industry source, that the popular image of a real-estate broker was: "A guy with a bright-yellow jacket who leads housewives through

endless kitchens and comments on the abundance of closet space."

Commercial and industrial negotiators, particularly Continental's, operated in a different world, with businessmen-clients and high-value properties. But the broker approach was also prevalent here. One of Canada's largest firms, a competitor of Continental, advertised a national computerized system that could quickly supply a list of potential properties to fit a client's space, location, and cost requirements. To Continental, this shot-gun approach served a client's interests poorly.

Continental negotiators operated solely on an exclusive basis, as the only agent attempting to sell or lease a client's property. Like a lawyer, a Continental negotiator would act for only one party in a transaction, his client, and in this relationship acted as much as an advisor as a salesman. For example, he might advise a client not to accept an offer to purchase or lease if the agent established that it was not to the client's advantage. In this way, Continental sought to position itself as a true agency, more consistent with European than North American practice, under a single basic policy: "Treat the property as if it were your own."

If the cornerstone of Continental's agency concept was the exclusive reflection of client interest, the building blocks were formed from the creative pursuit of realty opportunities. The Burrard Square deal demonstrated this: through imagination, knowledge, and contacts, Nelson was well positioned to conceive a project. Continental aimed to do more than represent other people's ideas or projects for clients, and in so doing add value to its agency role and for that matter, to the economy as a whole.

In developing this approach, Continental pioneered a transformation in procedures for selling commercial and industrial real estate. For generations, the realty industry had been an "old man's" game, where commercial transactions took place among well-acquainted, senior colleagues. In such an environment, the building of social links was paramount in the operation of a successful realty business. Continental outflanked these industry norms by emphasizing technical and analytical skills. Gradually, the industry became a "young man's" field, where business relationships based on trust and skill became the basis of successful client-negotiator interaction.

Creating and negotiating a deal was the essence of the agency business. The following examples illustrate the frequently circuitous, sometimes protracted, and often frustrating aspects of a transaction.

A Land Assembly. A Canadian chartered bank approached Continental and R.E. Lang and Co., a significant Continental competitor, asking them to work together to assemble a major site in Edmonton's downtown core. Continental refused to collaborate, suggesting as an alternative that each agent propose six potential properties which the bank could then review. The bank agreed.

A senior Continental negotiator through whom the initial bank contact had been made took responsibility for the project. His activities included: identifying potential rentable sites, judging the willingness of the site owners to sell, and estimating prices; consulting with architects and planning consultants on the suitability of each site; checking out the necessary approvals and establishing a time frame for the regulatory process. He had to do all this discreetly and confidentially. Continental was first to propose sites to the bank and ultimately the bank chose a property on Continental's list.

The site selected was owned by an international utility company that had a policy of never selling its investment properties. The first step was to determine what amount to offer the company -- an amount that would at least induce the utility to counter with an asking price. The situation was complicated by the bank's unwillingness to disclose its identity. This made the utility company even more nervous. It was not interested in selling to a speculator and giving him the opportunity to flip the property at a later date.

After lengthy talks, the utility sold, but on the condition that development would begin on the site within 18 months. The transaction had taken countless meetings over approximately six months. The Continental negotiator walked away with a handsome commission, however, and a good chance of becoming the leasing agent of the future bank tower.

Developing an Office Tower. Hugh Thorburn, a veteran Continental negotiator, first saw this potential opportunity while trying to lease space in a new office tower. Thorburn had attended a board meeting of the subsidiary of a large American mining firm to propose that an above-ground walkway be built between its building and an adjoining tower, which he was trying to lease. At this meeting, he learned that a committee was looking into the expansion of office space.

Conscious of its U.S. headquarters' attitudes, the subsidiary wanted to be very thorough in its examination of relocation space. It sent out an extremely detailed call for tender to 18 different office buildings in Vancouver. Meanwhile, Continental's general manager, Bob McLaren, who had been briefed by Thorburn on the mining company's search for space and who was the agent for a medium-sized Vancouver developer, decided that his client had the most suitable site for the mining company. The site was essentially raw land -- a group of derelict buildings -- but advantageously located for the mining firm. McLaren did not submit a proposal, but sent Thorburn a letter with a copy to the mining company outlining that his client's site was going to be built. The developer, inexperienced in the commercial market, was unwilling to begin construction unless the mining company was secured as lead tenant. Within two months, McLaren obtained a letter of commitment from the mining subsidiary.

McLaren explained that, as with most major development projects, his client had formed a team composed of an architect, a space planner, a contractor, and a realty agent, to study the project's feasibility. Public-relations and advertising people later helped to put presentations together. Proposal costs were shared between Continental Realty and the

negotiator. In a deal such as this, McLaren was the "lister" of the property. His responsibilities included: searching the property's title; preparing and distributing promotional material; advising the landowner on the project's marketability; and negotiating with major tenants.

McLaren commented that the amount of client/developer involvement usually depended on the client's size and experience in the negotiation process. In this deal, McLaren's nervous developer was constantly trying to involve himself in direct negotiations despite his inexperience in commercial dealing. It therefore became important for McLaren, a hard-nosed, number-oriented salesman, to maintain firm control over his client. Meanwhile, the more affable Thorburn was continually assuring the mining company of the project's wisdom. As Thorburn observed, the different personalities of the two negotiators were very well suited to the job requirements.

"In a major leasing agreement," explained Thorburn, "the resolution of several common negotiating points determines the deal's success." Rent was not in dispute in this deal; however, the prospective tenant wanted to alter the building design. The mining subsidiary was also determined to extend the lease period from 10 to 20 years, and to obtain a guaranteed lease rate should it require more space on additional floors. After all these points had been satisfactorily resolved, the mining company's Los Angeles head office decided that it wanted either 50% or 100% ownership of the building. McLaren's client agreed to a 50% equity participation by the mining firm. A further catch arose here, for Continental assessed the building's replacement value at \$29.4 million, but the mining company's head office had authorized a capital expenditure of only \$13 million. After several trips to the U.S., and hard negotiation, much of it aimed at avoiding having to re-submit a capital expenditure proposal and risk a turndown by the U.S. parent, the deal was concluded. At last report, the deal was awaiting FIRA approval in Ottawa.

A Deal That Almost Worked. The deal began with a cold call to Norcan, the subsidiary of a large American oil company in Calgary, by Mike Lambert, a Western MBA and rookie negotiator. Lambert had heard that Norcan's lease was expiring, and he hoped to interest it in space in a new building listed by Continental. Trident Oil, the parent firm, had two subsidiaries in Canada. Norcan was its risk-oriented exploration arm, while Trident Oil of Canada was a body of administrators. Norcan's president, Larry Kaiser, wanted to bring Norcan and Trident Canada together in the same building. This would be a first step towards the merger of the two subsidiaries into one company which Kaiser hoped to head.

The problem, which Kaiser and Lambert openly discussed, was that merging Trident Canada would reduce the portfolio of a newly appointed Vice-President, Domestic, in the U.S. corporate headquarters, while increasing the scope of the Vice-President, International. Another Continental negotiator, Dennis O'Connell, was then listing a new building. He suggested that Norcan execute an offer for the first two floors of his

client's building and take a six-month option on four more floors. This would force a decision in the U.S.

The Norcan president agreed, but the U.S. Vice-President, International, who stood to gain from the merger, refused approval, recognizing that the deal might well drive a wedge between himself and the Vice-President, Domestic. Lambert waited until several of the American V.P.'s were in Calgary, then gave them a complete presentation of the deal. Their response was generally positive and an offer to lease six floors was drawn up.

Meanwhile, another local developer offered Kaiser a location closer to the Petroleum Club, in more prestigious surroundings, at the same rent.¹ To save the deal, Lambert offered Kaiser a 10-year lease, instead of five years, and stipulated that the second five-year term would rent for only \$1 more per square foot. O'Connell obtained his client's advance signature on the agreement and Kaiser took the offer to the U.S. He returned with the offer still unsigned. The competing developer then matched the terms offered by O'Connell's client.

The Continental Formula

Providing genuine agency services had helped Continental grow, and charge full commission rates in the process. (The specific rates varied by size, nature, and location of project, but were generally in the range of three to five percent of the dollar value of a transaction.) But Gordon Nelson's ability to impose discipline on the activities of the high-flying, performance-oriented individuals who made up his negotiator team was a crucial ingredient for success. Continental was known throughout the industry for its rigorous operating policies.

To remain with the firm, Continental negotiators (after a period of training) were required to generate a minimum of \$90,000 in commissions annually. The average production in 1978 for negotiators with greater than one year's experience was \$234,000. Negotiator compensation was based on a sliding scale starting at 20 percent of commission generated, to 60 percent for commission earned over \$100,000. The \$15,000 salary was tied to this sliding scale, so that, when a negotiator achieved the \$90,000 minimum, his total income would be \$45,000. Negotiators were required to pay their own expenses and they were not paid their share of commissions billed until Continental was in full receipt of the invoiced amounts.

Continental encouraged an open flow of information concerning client activity. Negotiators were required to submit a weekly applicant report which identified their clients and outlined the probability of

¹ It was a principle of real estate in Calgary, deriving from fact and folklore, that the cost of office space was inversely related to distance from the Petroleum Club.

success of current deals. If clients were not so listed, they were regarded as fair game for other negotiators. This report allowed the branch manager to monitor negotiator progress (and discourage over-registration, if necessary) and informed other negotiators of development activities in various sectors of the city. "There is no fear of being scooped", as one negotiator put it. In contrast, negotiators with most Canadian brokerage houses tended to be secretive with details of their potential deals.

There were no sales territories, but most deals were transacted within the negotiator's city base. Management encouraged negotiators to focus their activities, to limit their client list, and to concentrate on big deals. Continental, in Nelson's words was "not after all the business available, but all the big business". Deals completed by a negotiator outside of his branch were credited to the negotiator as usual, but for branch credit to the territory in which the deal occurred.

Continental procedures required all offices to hold sales meetings commencing no later than 8 a.m. on Monday, Wednesday and Friday of each week. These meetings were the primary forum for announcements of new development activities, for the collection of information on prospective buyers or sellers, and for discussion of proposed or current project sale or lease potential. The first item on the agenda of a Calgary meeting attended by the case writer, for example, was a presentation by branch manager Steve Jannock. It began with a discussion of the marketing feasibility of a new condominium office building and whether the concept would sell in South-West Calgary. One negotiator noted that a rival developer was planning a similar project at the opposite end of the block. The discussion then moved to potential customers and a price estimate for such a project. Jannock pointed out that the proposal was complicated by the developer's desire for a short-term investor before proceeding. An architect's layout was then examined and suggestions were offered regarding the amount of glass space, the number and speed of elevators, and other improvements to increase the project's saleability. Finally, the total credibility of the project was examined: two points of concern were that it was the developer's first effort in the condominium market and that the architect was from out of town.

An important part of Continental's application of the agency concept was a strict investment policy. All Continental personnel were forbidden to purchase speculative real estate in Canada or any state in the U.S.A. in which the company maintained an active office. Infringement of the rule was grounds for immediate dismissal. McLaren explained that the logic of the policy was easy to understand: the time a man spent investing and developing his own real-estate holdings should be spent representing his clients. Moreover, sophisticated clients came to respect their negotiator's advice because the latter was not plucking out the good properties for himself. Continental was one of very few real-estate agencies in Canada operating with such a policy.

Continental maintained a high level of internal competition. Each negotiator's performance was charted on a graph which was reviewed monthly before a panel of his peers. At the annual meeting of all Continental personnel, each negotiator's graphs were projected on a

screen and his performance was reviewed. A meeting held in September 1978 is further illustration of Continental's approach: with the Chairman, President, General Manager, and all branch managers present, each negotiator who had not yet reached \$50,000 in annual production had to account for his performance and was offered advice for improvement by this executive team. A past Xerox salesman who has risen quickly within Continental saw these practices as straight-forward and reasonable: "One has to play on these guys' egos. It's the only way to motivate such achievement-oriented people."

Working trips were another ingredient in the Continental recipe for success. These trips were described in the company procedure manual as an incentive program to encourage negotiators to broaden their concept of commercial real estate. The manual noted that a good negotiator was expected to make many trips on his own, but the company would help to defray the cost of specific trips. During a negotiator's first year, western negotiators were to fly to eastern Canada and the U.S., while eastern negotiators were to fly west. In the third year, the destination was Europe, in the fourth, it was south-east Asia and in the fifth year, the negotiator was to visit the Caribbean or Hawaii. The manual included recommended schedules for the trips and outlined the company's contribution for airfare and accommodation. The company contribution was contingent upon (a) the submission of a detailed report within 60 days, (b) a minimum stay of 12 nights, (c) the above sequence of trips, (d) advance notice to all offices of itinerary, and (e) the negotiator's being accompanied by his wife. In the course of these trips, while the negotiator was acquainting himself with the dynamics of a new market, he was also required to update and expand the company's Buyer Book. This book was a listing of international investors who had expressed interest in North American real estate. It included details on the clients' buying behaviour, investment criteria, and history.

Corporate and Branch Management

Continental operated with a lean management structure (Exhibit 1). Senior managers, including the President, General Manager, and branch managers, all acted as negotiators as well as administrators, and had their production charted. It was argued that few services were necessary for the effective operation of the company. The primary organizational function was the supply to negotiators of current information -- applicant listings, sales data, office-space surveys, Buyer's Book -- and each branch was responsible for its own surveys and record updating.

In the mid-seventies, Gordon Nelson removed himself from management of Continental's day-to-day activities in order to spend more time as a property developer. As Chairman, he remained involved in policy matters and in quite close touch with the business, informally and through quarterly board meetings.

Nelson's first replacement as President was Larry Newman, at the time branch manager in Calgary. Newman remained in Calgary after taking on his new responsibilities. He grew restless in his dual role, however, and left Continental after two years to start his own agency firm. Nelson filled the gap for a time, and then asked John Morrison to join the firm as President.

John Morrison was Senior Vice-President of a large insurance company at the time. He had received his B.A. from The University of Western Ontario, M.B.A. from Harvard Business School, and was a Certified Life Underwriter (CLU). He had known Nelson for some time because of his insurance company's participation in several financing deals. In 1977, Morrison, attracted by Continental's prospects, moved to Vancouver to become President.

A few months after John Morrison's appointment, Stan Jameson, the General Manager, left Continental. Jameson had been an exception in the Continental ranks. His background was as a developer rather than an agent and he did not himself get involved in transactions. Rather, most of his time was spent travelling from branch to branch reviewing progress with individual negotiators and offering counsel and advice. He was, several negotiators mentioned, very respected in this role and his branch visits were welcomed.

Bob McLaren, Jameson's successor, was cut from different cloth, not unlike that of his mentor, Gordon Nelson. McLaren had joined Continental in 1965 after completing his M.B.A. at The University of Western Ontario. In the spring of 1978, he was promoted from Vancouver branch manager to Executive Vice-President.

McLaren was an aggressive and knowledgeable negotiator whose advice was highly valued by fellow negotiators. He continued his selling activities, and was a consistently high producer, travelling about 100,000 miles a year and working 70 to 75 hours a week. Administratively, McLaren saw his prime function as that of recruiting and training branch managers, although he could not avoid involvement in many spot problems, ranging from difficulties with deals, to personnel issues. McLaren turned the monthly performance-review task over to the branch managers. On the demands of his job, McLaren commented:

"You don't enjoy success without paying the price. And you don't do it unless you want to. You have to enjoy it. You can't dedicate such physical and mental energy and sacrifice unless you get a lot of enjoyment out of what you are doing. A person who says he doesn't is a person who's not going to be successful at it."

Morrison and McLaren both felt that sales involvement and a proven sales record were important for a leadership position in Continental. The rationale was basically that of credibility, plus a latent feeling that perhaps the worst thing that could happen to Continental would be the building of "non-productive" overheads and becoming "over-administered." In this context, Morrison and McLaren had assumed a largely implicit division of the management tasks. Morrison dealt with the more general tasks of corporate administration and representation, McLaren with the more immediate problems of branch supervision and production.

Planning and budgeting in Continental were relatively simple procedures. Revenue by branch was estimated annually on the basis of branch input and forecasts of market activity. By far the largest cost item was negotiator commission expense and it was directly variable with revenue.

Branch-office and head-office expense budgets were also prepared and these tended to reflect a no-frills approach to operations. Only a limited amount of savings could be squeezed out of the administrative process, however, since the costs were already pared to the bone.

The Big Branches

Continental's lead market, Vancouver, was beginning to emerge from the mid-1970's slump in office development. Between 1974 and 1976, the office-space absorption rate in Vancouver had dropped to around 375,000 square feet a year from 700,000 to 900,000 square feet in the early seventies. Vancouver's absorption rate was climbing above the 700,000 square feet per year level in 1979, however, and the city was expected to be short of office space by 1981. With 25 million square feet of existing space, compared to Calgary's 14 million square feet, Vancouver was often viewed by developers as more stable than the overheated Calgary market. Continental's Vancouver branch had maintained a relatively stable production level with a fluctuating rate of sales to leasing. The branch employed 10 negotiators who had an average age of 37 years.

The Vancouver branch manager, Per Ek, had less than two years experience with Continental when he succeeded McLaren as branch manager. Born in Sweden, Ek was raised in Switzerland and had obtained a Ph.D. in economics from the University of Geneva. After work with a major Swiss bank, Ek moved to Montreal where he assembled properties for a consortium of European banks. Ek was brought into Continental as a European representative to supplement Gordon Nelson, who had reduced his global travelling. Ek did not see himself as a high-powered salesman, but as a professional who specialized in large sales projects. His production graph, which bounded upward in large steps, attested to his ability. Ek believed that it was important for him to lead by example and, though he had hired an administrator to handle office affairs, he still found only Sunday afternoons free. With his three hats -- branch manager, agent, and international representative -- Ek was unable to devote much time to work with individual agents.

Edmonton. From 1970 through 1977, Edmonton absorbed an average of 438,000 square feet of office space per year, peaking at 770,000 square feet in 1977. Demand had tapered off somewhat in 1978. The Edmonton branch consisted of 8 agents, up from 2 in 1974, and represented an increasing proportion of Continental's total production. In 1978, a group of four senior agents had left the branch, led by the previous manager, John Thompson. Those left were young, of average age 32, and were managed by Cliff Baetz, who maintained a relatively relaxed atmosphere. In the summer of 1979, production was only 10 percent below 1978 levels, an accomplishment which was cause for a great deal of pride among the Edmonton negotiators.

At 36, Cliff Baetz was the old man of the Edmonton office. C.B., as his fellow negotiators called him, held a B.Comm. from the University of Alberta and had joined Continental in Edmonton as an assistant to the branch manager in 1965. He left in 1966 when the branch manager and two negotiators resigned, but eventually returned to the Edmonton office

in 1970. Baetz's responsibilities included making the branch productive and setting the office's pace, but he maintained a casual, sociable atmosphere. As a point of comparison, negotiators in Edmonton sometimes wandered into the 8:00 a.m. sales meetings ten minutes late; in Vancouver, the door was locked at 8:00. Baetz noted that Edmonton's productivity per negotiator was higher than that of any other Continental office.

The Edmonton manager's laid-back nature was deceptive. His typical day began at 7:00 a.m. and stretched to 6:30 p.m.; on the two days that the casewriter was present, his lunch was two hot dogs swallowed while dialing the phone. Baetz was Continental's top producer in 1978. He described his job as "a pressure cooker"; but he enjoyed the autonomy of his work. He liked to give his negotiators similar freedom. While Baetz admitted that he had little motivation to train his men, he believed that few negotiators required or would tolerate direct supervision.

Calgary. The Calgary commercial-development business was in the midst of unprecedented growth. From 1965 -- when Calgary did not have a single office building larger than 200,000 square feet -- until the end of 1978, annual downtown absorption averaged 632,000 square feet, with a peak of 1.6 million square feet in 1977. In 1979, with over 80 percent of all first-class office space in Calgary occupied by energy-related businesses, a new wave of development was spurred by the financial institutions -- the banks, insurance companies, etc. -- which were following the action West.

Continental had enjoyed a superb year in Calgary in 1978. Production was substantially improved over the relatively poor record of 1976, a year in which several key personnel had left the Calgary office, some to expand the company into Houston, others to strike out on their own. Production had dropped over 50 percent. The branch had rebuilt, however, from 9 negotiators in 1976 to 17 in 1978, with an average age of 38.

The Calgary branch manager, Steve Jannock, had ten years of realty experience with Continental. A former Xerox salesman, Jannock, 44, believed that more effort had to be put into retaining Continental's leading producers. "Calgary was seriously injured by Newman's departure, and Edmonton may still feel the effects of Thompson's exit," he cautioned. Talking with the commitment of a man who understood the high producers' predicament, Jannock explained: "When the investment policy removes a successful negotiator's most obvious tax shelter and participation is not offered, at some point it is no longer economical for an individual to remain in the company." The investment policy was too important a selling tool to sacrifice, according to Jannock, but something had to be done to retain Continental's "shooters". Another veteran negotiator quipped: "Gordon Nelson created a monster; he produces wealthy prima donnas that the tax system forces out of the company!"

Calgary had the highest number of negotiators, and Jannock suspected that he might have reached or even exceeded the optimal level. Veteran salesmen, in particular, had begun to express concern that the firm's high degree of professionalism was threatened by the increased number of negotiators. Greater internal competition, reduced information

flow between negotiators, and an erosion of sales-meeting effectiveness were cited by the veterans as symptoms of the office's changing scale. Younger negotiators, on the other hand, felt that the veterans were grumbling because they resented having aggressive recruits snapping at their heels.

Agent Management

Recruiting, training, and retaining negotiators were the acknowledged keys to Continental's future growth.

Recruiting. Continental recruited from the universities and from the ranks of experienced sales people. In recent years, university recruiting had been confined to the Universities of British Columbia, Reading (near London, England) and Western Ontario. British Columbia and Reading had courses specifically related to the real-estate field and Reading offered a Master's Degree in urban land appraisal. Reading graduates had a high success rate at Continental, but this source was now being limited by Canadian immigration authorities. Morrison lamented the apparent indifference of most business schools to the real-estate field and declared that Continental was going to do what it could to stimulate greater interest and action.

Recently, Xerox and IBM sales managers had been recruited into the company as junior negotiators. Well-trained, professional salesmen, these recruits brought a new style to the negotiation task. Their concentration on selling technique, combined with Continental's traditional stress on product knowledge, had produced some very satisfactory results. Negotiators with a Xerox background thought that individual negotiator productivity could be substantially improved at Continental. They identified in particular a need for instruction in more effective selling methods. As one successful, ex-Xerox negotiator put it: "Everybody here works hard, but only a handful work smart."

There was no shortage of potential recruits to Continental. As Steve Jannock noted: "I have more people phoning me for jobs than I know what to do with." The question was one of quality, of being able to succeed in the Continental milieu.

Training. An assistantship program was Continental's primary training vehicle. With the permission of the company, a negotiator could hire an assistant if he had achieved \$100,000 production for 2 consecutive years. A second assistant could be hired if the negotiator had achieved \$200,000 production over the past two years or if he had obtained a new major office or industrial listing (over 150,000 square feet). A new assistant was paid \$700 per month for his first 6 months, \$750 per month after 6 months, and could be eligible for a salary of \$800 per month if he had experience. No production bonus was allowed during the assistant's first year. One recent Western MBA recruit described his initial reluctance to join Continental at \$700 per month: "Hell, that was less than I was making during my summers at school!"

An assistant was hired by a single negotiator who became responsible for the assistant's training. The quality of training provided by the negotiators varied, contributing, at times, to assistant turnover. In the Calgary branch, for example, approximately 5 assistants had moved in and out of the office in the past two years.

For most trainees, the apprenticeship period lasted 12 months. At the end of that time, the negotiator in charge and the assistant determined a future course. On occasion, the assistants would stay on in a trainee capacity, with increased responsibilities and a cut into the bonus system. Otherwise they became full negotiators subject to the performance requirements.

Some prospective recruits were unwilling or financially unable to accept the reduction in earnings involved in an assistant position. In particular cases then, if past sales experience justified it, certain recruits were permitted to enter the negotiation field directly. Their training period was typically 3 months, after which, they became regular negotiators with \$15,000 salary and a more lucrative commission rate. The junior negotiators were usually "blinker" -- assigned to a specific project or area to improve their understanding of a particular aspect of real-estate development.

Apart from the assistantship program, Continental had no formal training procedures or materials. In 1979, however, Brad Connelly, a senior and very successful negotiator, was assembling an extensive and detailed manual of procedures and techniques. Connelly planned to enter the consulting field eventually, providing advice on realty matters to major developers, and the manual tied in to these plans. Negotiators and branch managers alike felt that Connelly's efforts would substantially fill the present training gap in the company. One branch manager, who felt that training was critical to the company's continued success, praised Connelly's activities; he was relieved to have the responsibility off his desk.

Once a recruit had been promoted to negotiator, he became something of a small businessman: training assistants approved by the company, collecting outstanding accounts, but primarily doing deals. In the meantime, the typical beginning negotiator had much more to learn. The sale of commercial properties, ranging in price from \$300,000 to \$20,000,000, required substantial knowledge in nearly all aspects of real-estate activity. To acquire this expertise, many negotiators started in the leasing field, where knowledge of commercial and industrial tenants and the investment requirements of landlords could be accumulated. Negotiators then typically moved to sales where they continued to add to their knowledge of project appraisal and financing, personal and corporate taxation, zoning restrictions and property law. In this process, a negotiator usually began with 20 or 30 smaller clients and applicants, then over time reduced his list to perhaps three or four major accounts. The ideal was to build strong business ties with an aggressive developer and then assist that developer to grow, performing the dual role of real-estate-investment consultant and agent.

Retaining. High turnover was characteristic of Continental's operation. Two-thirds of Continental's present negotiator group had been with the company in that capacity for less than two years. Over the years 1974 to 1978, there was an 84 percent probability that a negotiator would leave before his fifth year with the company. Part of the turnover, of course, was due to recruits who found they didn't fit or who couldn't produce the required \$90,000 annual commissions. Another part of the turnover, more consequential for the firm, was made up of successful negotiators who, for reasons varying from economics to personal autonomy, chose to leave.

Whether it was possible or desirable to lengthen the stay of negotiators was somewhat of a moot point at Continental. The company had implemented incentive programs aimed at stimulating continuity (Exhibit 2) and had developed a pension plan which would allow a negotiator to collect \$60,000 per year on retirement and which vested in ten years. These did not, however, seem to have had a major tangible impact. McLaren took a pretty hard-nosed view of the situation: "After a person has made \$200,000 to \$300,000 for three or four years, you can't expect him to stay". Shortly after having said this, McLaren met the casewriter at another Continental office -- he had just received a call: the Toronto branch manager had resigned.

Future Growth

There were, in the view of senior Continental personnel, two broad avenues of future growth. The first was through opening additional branches, the second, through expansion of branch volume by entry into new product areas.

Branching. New branches were generally seen as the prime growth vehicle, although it was by no means clear, on the record, that the Continental approach could be easily transferred out of the Vancouver-Calgary-Edmonton triangle. The performance of the Toronto branch had been erratic and was attributed variously to market conditions, well-established competition, and poor management and recruiting. In spite of the difficulties, there was a general opinion in the West that an effective and energetic manager could put the operation on its feet. In the U.S., the two new branches in Houston and Phoenix had been open for only a short time. Houston was, nevertheless, regarded as somewhat of a disappointment, due perhaps to the timing (relatively late in Houston's development boom) and narrow initial contact base (Continental had entered the market to work with one Canadian developer who was also entering the market). There was greater enthusiasm for Phoenix, which had just been opened in January 1979 by an aggressive negotiator. The Phoenix market was growing rapidly and had become an attractive expansion point for Canadian developers moving south.

In Bob McLaren's view, Continental should have offices established in 15 key cities within seven to ten years. The major constraints, he explained, were the availability of suitable people and his own time.

"It will take from four to seven years to build a base in a new city. By the time the lead producer peaks out in a new area, the base for effective dealing has been established. My job is to identify when a young negotiator has ripened sufficiently, place him in the new market, and help him get going. We must do this with our own people. Bringing in negotiators from outside the firm or acquiring an existing firm would bring us the worst of both worlds."

On this program, branch growth was limited by McLaren's capacity to train and supervise new managers, which amounted, in his view, to having no more than two junior branches at any one time. For potential new U.S. branches, the constraints were further tightened by an immigration ruling that limited to one the number of Canadians that could be employed at each office.

New Products. An area of immediate growth potential lay in the further expansion of Continental's activities in the industrial and property-management markets.

In both Calgary and Edmonton, industrial opportunities were being pursued, but no particular priority had been given to them. Development and decision making in the industrial market was different, Continental personnel pointed out, involving different customers and different criteria. "They are an earthy lot," one negotiator explained, "but I get along better with the tire kickers than the oil executives." Most of the negotiators concentrating on the Calgary industrial market had not selected their placements; they had been assigned to the market. Another industrial negotiator explained: "The deals are small, you work twice as hard and make half as much." Edmonton had always had its fingers in the industrial area, but, historically, only one negotiator in that office specialized in such deals.

Continental's property-management operations were headquartered in Vancouver under Ted Foster, a public accountant who had joined the company in 1967. The essential function provided was coverage of the on-going tasks of operating an office: property-tenant relations, physical maintenance, insurance, security, etc. The major competitor was the owner himself, who was always tempted to perform the management function. Management contracts were sought by negotiators and turned over to Foster when a deal was made. In 1979, the property-management operation was expected to gross about \$1 million, with Vancouver contributing about 50 percent, Calgary 25 percent and the balance from Edmonton and Toronto. The business was profitable and was growing at about 15 percent per year.

John Morrison outlined other possible areas of development. One would have Continental take a position, with partners, in the assembly and purchase of commercial properties which could be re-sold, when an appropriate package had been put together, to pension funds or trusts. A similar idea would be for Continental to act as an agent in the assembly and management of income properties for pension-fund or trust clients.

Either move would capitalize on the company's marketing expertise and the increasing interest pension-fund managers were taking in real-estate investments.

Another, quite different, view of growth objectives and methods was presented by a veteran representative, Dick Thorson, reflecting in some degree the thoughts of some other senior agents. His concern was that dynamic growth might cause the company to trade off quality for quantity and slip towards becoming a "brokerage" house. Using Calgary as an example, Thorson suggested that there should be only five to seven negotiators, rather than the current 17. Only these negotiators would attend the morning meetings, ensuring a free flow of information and counsel. Each negotiator however, would have two executive assistants and would be held accountable for the production and profit of his three-man group. To retain the senior negotiators, Thorson proposed a change in the investment policy: negotiators would still be prohibited from dealing in city-core or raw land, but a sector of land would be opened for investment. All Continental clients would be informed of the nature and extent of this investment area. Finally, Thorson would limit branch expansion to the high-growth markets in Western Canada and to a few dynamic American cities.

Thorson's proposal thus preserved the firm's strategy, but recommended a fundamental change in operating method. Few negotiators were so presumptuous. Most felt that Gordon Nelson had developed a wondrous formula for success which should not be tampered with. Asked why others had not been able to duplicate Continental's methods, one negotiator replied, "Nobody else has copied the formula because nobody else has the spunk".

EXHIBIT 1
CONTINENTAL REALTY LIMITED
Organization Chart (1979)

CHAIRMAN - Gordon A. Nelson
PRESIDENT - John H. Morrison
EXECUTIVE V.P. & GENERAL MANAGER - Robert W. McLaren

TREASURER - Jack H. Adamson

PROPERTY ADMINISTRATOR - Ted S. Foster

CORPORATE ACCOUNTING
BRANCH ADMINISTRATION

BRANCH MANAGERS

PROPERTY MANAGEMENT
ACCOUNTING

VANCOUVER - Per Ek

EDMONTON - Cliff Baetz

CALGARY - Steve Jannock

TORONTO - Ron Gould

HOUSTON - Mark Graham

PHOENIX - Keith Spencer

NEGOTIATORS
ASSISTANTS

OFFICE MANAGERS
SECRETARIES

PROPERTY MANAGERS

Source: Casewriter's notes.

EXHIBIT 2

CONTINENTAL REALTY LIMITED

Continental Incentive Program*

<u>Old System</u>	<u>Present Schedule</u>	<u>Prize</u>
\$100,000	2.5 x Minimum Production	Gold Watch
\$300,000	5 x Minimum Production	Colour Television
\$750,000	10 x Minimum Production	Lincoln Continental Automobile
\$1,000,000	20 x Minimum Production	University Education for Salesman's children
	Proposed 30 x Minimum Production	Option to purchase 5% interest in \$5 million property
	Proposed 40 x Minimum	Entitled to exercise option

* Based on cumulative production. Under present schedule, negotiator generating two-and-a-half times \$90,000 commissions receives gold watch as prize.

Source: Company files

EXHIBIT 29IMMEUBLES CONTINENTAUX LIMITÉE

"Cette société a connu un immense succès", dit Jean Morrisette, président de Immeubles continentaux Limitée, tout en regardant vers l'Ouest de la fenêtre de son bureau de Vancouver, "et nous entendons bien continuer de la sorte". La vue qui s'offrait à lui reflétait bien le climat d'expansion; des grues ici et là sur des chantiers d'où s'élevaient les fondations de nouvelles tours à bureaux. L'Ouest se développait et la société croissait rapidement. "Le défi, dit-il, consistera à trouver les meilleures personnes et de les garder avec nous."

Historique

Immeubles continentaux Limitée était l'une des plus importantes sociétés immobilières commerciales et industrielles au Canada. En 1978, la société a traité des opérations de vente et de location totalisant plus de 200 000 000 \$, soit environ le double de son chiffre d'affaires de 1974. Le premier bureau de la société, qui est aujourd'hui son siège social, a été établi à Vancouver. Des succursales ont été par la suite fondées à Calgary, Edmonton, Toronto, Houston et Phoenix. Actuellement, Immeubles continentaux emploie plus de 40 courtiers-négociateurs; mais ses débuts furent en grande partie l'oeuvre d'une seule personne, Léonard Giroux, propriétaire et président du conseil.

Léonard a grandi dans une petite ville de l'Alberta, où il a senti que le vent tournait vers l'Ouest et que l'avenir y serait prometteur. Il s'est alors rendu dans l'Est et a obtenu un diplôme en administration des affaires de l'université Western Ontario. Il passa ensuite une année en Europe pour voyager et étudier. À son retour, son choix était fait: l'immobilier. Trois ans plus tard, il s'installait à Vancouver, après avoir séjourné à Toronto puis à Winnipeg.

Léonard a élaboré son projet de mise sur pied d'une société immobilière à partir de l'expérience acquise au cours de ses premières années de travail.

Le matériel des études de cas de la Western School of Business Administration est rédigé dans le but d'alimenter les discussions dans les classes. Le présent cas a été conçu avec la collaboration d'une société qui préfère conserver l'anonymat. Les noms, les lieux et les chiffres ont été modifiés mais les pratiques fondamentales, les circonstances et les apparentements ont été retenus.

Ses employeurs et collègues étaient réservés, peu disposés et préparés à lui enseigner la base des affaires. Ils étaient avares de tous renseignements de nature technique ou pratique. Mais Léonard ne s'est pas découragé pour autant; il eut la chance de rencontrer un dirigeant d'entreprise qui était tout disposé à partager ses connaissances et qui a énormément aidé Léonard dans cette profession.

Au cours de sa première année à l'emploi de J.B. Roy et C^{ie} de Vancouver, Léonard a vendu pour une valeur de 7 000 000 \$ de biens immobiliers. Peu après, en 1960, Léonard et deux associés ont acheté la J.B. Roy et C^{ie} qui est alors devenue Immeubles continentaux Limitée.

Immeubles continentaux a prospéré, mais l'affaire qui a consacré définitivement la réputation de Léonard a été la transaction de Burrard Square. Au printemps de 1960, tandis qu'il examinait une photographie aérienne de Vancouver, son attention fut attirée par un terrain situé entre la ligne principale du chemin de fer et Burrard Inlet, immédiatement à l'ouest du centre de la ville. Le terrain, propriété de Construction unie L^{tée}, constituait la dernière parcelle de terrain complètement assemblée de cette zone, quoique non encore divisée par lots. Par l'entremise de ses relations dans le milieu des placements, Léonard apprit qu'une société financée à partir de l'Angleterre, la Tate Development Corp., cherchait à effectuer des placements intéressants en Amérique du Nord. Léonard évalua la volonté de vendre que démontrait Construction unie L^{tée} et convainquit ensuite Tate des possibilités financières qu'offrirait l'achat de ce terrain: le concept de Burrard Square prit forme. Les étapes à franchir pour passer du concept à la réalité ont été très longues, marquées par de continuelles négociations qui n'ont rien laissé de côté: conception, approbations, financement et locataires éventuels. Mais en 1965, Burrard Square est devenue une affaire des plus marquantes de Vancouver; les arrangements étaient terminés et la construction d'un complexe intégré domiciliaire, commercial et de détail d'une valeur de 50 000 000 \$ fut entreprise.

Au début de 1966, avec le succès de Burrard Square à son crédit, Léonard a exprimé son optimisme quant à la prospérité future de l'Ouest et de son entreprise:

"L'Ouest canadien présente des possibilités de développement presque illimitées. Les meilleurs sites de l'Est sont déjà tous mis en valeur. L'Ouest, par contre, regorge de tout: espace, population qui augmente rapidement, réserve de main-d'oeuvre qualifiée, vastes dépôts de minerais et d'autres ressources, énergie à bon marché, bon réseau de transport. L'Ouest est destiné au plus grand boom de l'histoire canadienne."

À mesure que Immeubles continentaux prenait de l'expansion, en termes de volume et de secteurs géographiques, Léonard élaborait une stratégie et des principes de fonctionnement qui ont fait de la société une entreprise unique dans l'industrie de l'immobilier. Ces principes ont constitué la clé du succès de Immeubles continentaux à ses débuts et la cause de préoccupations pour sa croissance future.

L'entreprise

Immeubles continentaux (I.C.) a concentré ses activités sur les marchés de l'immobilier, secteurs commercial et industriel, où elle vise à fonctionner comme l'une des rares véritables entreprises qu'on nomme "agences", à comparer aux centaines de maisons d'opérations de "courtage" partout au pays. Selon Robert Michaud, directeur général de Immeubles continentaux, la différence réside dans le degré de professionnalisme des méthodes utilisées par les courtiers-négociateurs.

Afin de tracer un portrait bien clair de ce qui distingue la I.C. des autres sociétés immobilières, Robert Michaud a comparé la vente dans le secteur résidentiel à la méthode adoptée par la I.C. Il a expliqué, dans son style hyperbolique habituel: "Les opérations du secteur résidentiel sont en grande partie comparables à celles d'une chambre de compensation. En fait, le Service d'inscriptions multiples ne fait que cela. Toutes les maisons qui sont à vendre sont regroupées et sont identifiées par une fiche de données et elles sont choisies au hasard et offertes à d'éventuels acheteurs. L'agent immobilier du secteur résidentiel ne vise qu'à réaliser une vente. Sa commission provient uniquement de la vente de maisons et non des conseils qu'il peut donner aux clients." Il n'est donc pas surprenant, selon une autre source, que l'image populaire de l'agent immobilier soit: "Un homme portant un veston d'un jaune criard et qui fait inlassablement visiter des cuisines à des ménagères, tout en leur vantant les mérites des vastes espaces de rangement."

Les courtiers-négociateurs commerciaux et industriels, particulièrement ceux de Immeubles continentaux, travaillent dans un monde complètement différent, leur clientèle étant uniquement composée de gens d'affaires qui ne recherchent que des emplacements de grande valeur. Mais la méthode des agents immobiliers était également courante dans ce domaine. Une des entreprises les plus importantes au Canada, une concurrente de Immeubles continentaux, a vanté, dans sa publicité l'utilisation d'un système national informatisé qui pourrait rapidement fournir une liste de propriétés qui répondent aux exigences du client en matière d'espace, de location et de prix. Immeubles continentaux considère cette méthode rapide comme une bien mauvaise façon de servir les intérêts du client.

Les courtiers-négociateurs de Immeubles continentaux travaillent essentiellement sur une base d'exclusivité, à titre d'agent unique qui entreprend la vente ou la location de la propriété d'un client. Tout comme un avocat, un courtier-négociateur de la I.C. agit dans l'intérêt d'une seule partie dans la négociation, soit son client, et ses relations avec lui tiennent davantage de celles d'un conseiller que d'un vendeur. Ainsi par exemple, il peut conseiller à un client de ne pas accepter une offre d'achat ou de location si lui, à titre d'agent, a établi que ce ne serait pas à l'avantage du client. De cette façon, la I.C. a cherché à se définir comme une agence au sens propre du terme, plus près de la pratique qui a cours en Europe que celle qui prévaut en Amérique du Nord, et ayant comme unique principe de base: "Traiter la propriété comme si c'était la nôtre."

Si la pierre angulaire de la philosophie de Immeubles continentaux était le reflet exclusif de l'intérêt du client, son secteur de la construction, lui, s'est développé à partir de la poursuite des occasions dans l'immobilier.

L'affaire Burrard Square a démontré ceci: par son imagination, ses connaissances et ses relations, Léonard était bien placé pour concevoir un projet. Les aspirations de la I.C. étaient de faire plus que de simplement représenter les idées et les projets d'autres personnes pour des clients, et en agissant de la sorte, elle voulait accroître son rôle d'agence de même qu'augmenter son apport à l'économie dans son ensemble.

En élaborant cette méthode, la I.C. a fait fonction de pionnière en matière de modifications des méthodes de vente de biens immobiliers commerciaux et industriels. Depuis des générations, l'industrie immobilière était l'affaire de "gens du métier", dans laquelle les opérations commerciales s'effectuaient entre d'anciens collègues se connaissant de longue date. Dans un tel climat, la consolidation des liens sociaux revêtait un caractère très important et elle déterminait souvent le succès de l'opération. La I.C. a chamboulé ces normes de l'industrie en mettant l'emphasis sur les compétences techniques et analytiques du milieu. Petit à petit, l'industrie est devenue l'affaire de "jeunes gens" dans laquelle les relations d'affaires fondées sur la confiance et la compétence sont la clé du succès des rapports entre clients et courtiers-négociateurs.

Imaginer, puis négocier un marché constituaient l'essence même des activités de l'agence. Les exemples suivants illustrent les chemins souvent détournés, quelquefois très longs et souvent frustrants qu'il faut emprunter pour mener une opération.

Assemblage de terrains. Une banque à charte canadienne a abordé Immeubles continentaux et la R.E. Lang et Co., important concurrent de la I.C., leur demandant de travailler conjointement à l'assemblage d'un important site au coeur de la ville d'Edmonton. La I.C. a refusé de collaborer, suggérant comme autre possibilité que chaque courtier propose à la banque six propriétés possibles sur lesquelles elle fixerait son choix. La banque a accepté cette proposition.

Le négociateur principal de la I.C. qui avait été à l'origine des pourparlers avec la banque a pris la responsabilité du projet. Ses activités comprenaient l'identification d'éventuels sites rentables, la volonté des actuels propriétaires de vendre, l'évaluation des prix, la consultation d'architectes, la consultation auprès d'experts en planification sur la convenance de chaque site, l'examen des approbations nécessaires et l'établissement d'un calendrier du processus de réglementation. Il a dû faire ces démarches discrètement et en toute confiance. La I.C. a été la première à proposer des sites à la banque qui, plus tard, a arrêté son choix sur un terrain figurant sur la liste de Immeubles continentaux.

Le site choisi était la propriété d'une société internationale de services publics qui avait pour principe de ne jamais vendre ses placements immobiliers. La première étape a donc été de déterminer quel montant il fallait offrir à la société, un montant qui tout au moins ferait réfléchir la société de services. La situation était, en outre, compliquée du fait que la banque ne désirait pas dévoiler son identité, ce qui rendait la société de services encore plus hésitante; elle n'était pas intéressée à vendre à un spéculateur et lui donner l'occasion de le revendre peu après.

Après de longues discussions, la société de services a vendu, mais à la condition que l'aménagement du site commence dans les dix-huit prochains mois.

L'opération avait représenté un nombre incroyable de réunions réparties sur une période de six mois. Le courtier-négociateur de la I.C. en a tout même tiré une alléchante commission et une bonne chance de devenir l'agent de location de la future tour de la banque.

L'aménagement d'une tour à bureaux. Hugues Tremblay, courtier-négociateur de la I.C. depuis de nombreuses années, fut le premier à pressentir cette occasion, tandis qu'il essayait de louer de l'espace dans une nouvelle tour à bureaux. Hugues Tremblay avait assisté à une réunion du conseil de la filiale d'une importante société minière des États-Unis afin de proposer la construction d'un passage au-dessus du sol reliant l'immeuble de la société minière à une tour adjacente, dont il s'occupait de la location. À cette réunion, il a appris qu'un comité étudiait la possibilité d'augmenter la superficie des bureaux.

Sachant l'attitude qu'adopterait son siège social américain, la filiale ne voulait rien négliger dans l'examen de l'aménagement de nouveaux locaux. Elle a donc envoyé un appel de soumission extrêmement détaillé à dix-huit différents édifices à bureaux de Vancouver. Pendant ce temps, le directeur général de la I.C., Robert Michaud, que Hugues Tremblay avait mis au courant des intentions de la société minière et qui était l'agent d'un promoteur en construction moyen de Vancouver, a conclu que son client avait le meilleur site pour la société minière. Le site était essentiellement composé de terre inculte et d'un groupe de bâtiments à l'abandon mais il était avantageusement bien situé pour la société minière. Michaud n'a pas soumis d'offre, mais il a envoyé une lettre à Tremblay, et une copie de la lettre à la société minière, dans laquelle il soulignait que le site de son client allait bientôt être construit. Toutefois, le promoteur, une personne inexpérimentée dans le marché commercial, ne voulait pas commencer la construction à moins que la société minière ne s'engage à en être le locateur principal. Après deux mois, Michaud réussit à obtenir une lettre d'engagement de la filiale de la société minière.

Comme c'est le cas dans la plupart des grands projets d'aménagement, le client de Michaud avait formé une équipe de travail composée d'un architecte, d'un planificateur de surface, d'un entrepreneur et d'un agent immobilier, équipe qui avait pour objectif d'étudier la faisabilité du projet. Les gens des relations publiques et de la publicité ont aidé par la suite à la présentation finale du projet. Les coûts de l'offre ont été partagés entre la I.C. et le courtier-négociateur. Dans un tel marché, Michaud était l'"inscripteur" de la propriété. Il avait la responsabilité de trouver les titres du bien immobilier, de préparer et de distribuer des documents de promotion, de consulter le propriétaire du terrain sur la rentabilité commerciale du projet et de négocier avec les principaux locataires.

Michaud a expliqué que le degré d'engagement entre client et promoteur en construction dépendait habituellement de la taille de l'entreprise du client ainsi que de son expérience dans le processus de négociation. Dans cette affaire, le promoteur nerveux tentait constamment d'intervenir directement dans le processus de négociation, malgré son manque d'expérience dans ce domaine des affaires. Par conséquent, il était alors extrêmement important pour Michaud, un vendeur qui a du flair et qui connaît les chiffres, de maintenir un contrôle ferme sur son client. Entre temps, Tremblay, très affable, assurait continuellement la société minière de la sagesse du projet. Comme le notait Tremblay, les personnalités différentes des deux courtiers-négociateurs étaient bien adaptées aux exigences de l'emploi.

Dans un important contrat de location, dit Tremblay, la solution de plusieurs points communs en négociation détermine le succès de l'affaire." Dans cette affaire, la location n'était pas un sujet de dispute; toutefois, le locataire éventuel voulait modifier la conception de l'immeuble. La filiale minière voulait également étendre la période de location sur 20 ans au lieu de 10 ans, en plus d'obtenir un taux de location garanti au cas où elle aurait besoin de plus d'espace à des étages supplémentaires. Une fois ces points réglés, d'une façon satisfaisante, le siège social de la société minière à Los Angeles décida qu'il voulait acquérir soit 50 %, soit 100 % de la propriété de l'immeuble. Le client de Michaud fut d'accord pour que l'entreprise minière acquiert 50 % de la participation dans le projet. Une autre point a été soulevé lorsque la I.C. évalua la valeur de remplacement de l'immeuble à 29 400 000 \$, alors que le siège social de la société minière n'avait autorisé qu'une dépense en immobilisations de 13 000 000 \$. Après plusieurs voyages aux États-Unis, et une négociation serrée, on en est arrivé à la conclusion qu'il valait mieux éviter d'avoir à soumettre de nouveau une proposition de dépense en immobilisations et de risquer un revirement de la société mère des États-Unis, et le marché fut conclu. Aux dernières nouvelles, les deux parties attendaient l'accord de l'Agence d'examen de l'investissement étranger à Ottawa.

Une affaire qui a failli marcher. Tout a commencé par un appel assez sec de Michel Lambert à Norcan, filiale d'une importante société pétrolière américaine à Calgary. Michel détient un MBA de l'université de Western Ontario et est un dur négociateur. Lambert avait entendu dire que le bail de Norcan expirait et il espérait bien intéresser Norcan à louer un espace dans un nouvel immeuble répertorié par la I.C., La société mère, Trident Oil, avait deux filiales au Canada. Norcan constituait son entreprise d'exploration à risque élevé tandis que Trident Canada était composée d'un groupe d'administrateurs. Le président de Norcan, Louis Kaiser, voulait que Norcan et Trident Canada soient réunies dans le même immeuble. Pour Kaiser, cela aurait constitué un premier pas vers une fusion des deux filiales en une seule société dont il espérait mener les destinées.

Le problème, dont Kaiser et Lambert avaient ouvertement discuté, était que la fusion de Trident Canada réduirait le portefeuille d'un vice-président récemment nommé, à l'échelle nationale, au siège social de l'entreprise américaine, tout en augmentant le champ d'intervention du vice-président, à l'échelle internationale. Un autre courtier-négociateur de la I.C., Denis Ogier, répertoria alors un nouvel immeuble. Il a donc suggéré que Norcan fasse une offre pour les deux premiers étages de l'immeuble de son client et qu'elle prenne une option de six mois sur quatre autres étages. La société mère américaine serait alors obliger de faire connaître sa décision.

Le président de Norcan était d'accord avec cette suggestion mais le vice-président, à l'échelle internationale, des États-Unis, qui comptait bien gagner quelque chose d'une fusion, s'y est opposé, reconnaissant toutefois que l'affaire pourrait bien entraîner une désaccord entre lui et le vice-président à l'échelle nationale. Lambert attendit que plusieurs des vice-présidents américains soient réunis à Calgary et leur présenta l'affaire dans ses moindres détails. Dans l'ensemble, les vice-présidents ont été d'accord avec la proposition et une offre de location pour six étages a été préparée.

Entre temps, un autre promoteur local en construction offrit à Kaiser un site plus près du Petroleum Club, situé dans un quartier plus prestigieux, au même loyer.¹ Afin de sauver l'affaire, Lambert offrit à Kaiser un bail de dix ans plutôt que de cinq ans et déclara, que pour la seconde période de cinq ans, le loyer serait de seulement 1,00 \$ de plus le pied carré. Ogier obtint la signature de son client à l'avance sur le contrat et Kaiser partit aux États-Unis présenter le contrat. Il est revenu des États-Unis sans signature du contrat. Le promoteur concurrent de la I.C. avait rajusté ses conditions sur celles offertes par le client d'Ogier.

La formule de la I.C.

D'avoir offert un authentique service d'agence a facilité la croissance de Immeubles continentaux et lui a permis de demander de pleins taux de commissions. (Les taux particuliers varient selon l'envergure, la nature et l'emplacement du projet, mais ils étaient généralement de trois à cinq pour cent de la valeur en dollars de l'opération.) Mais l'habileté de Léonard Giroux d'imposer une discipline qui régit les activités de tous ces gens dynamiques et inlassables qui composaient son équipe de courtiers-négociateurs comptait pour beaucoup dans le succès obtenu. La I.C. était d'ailleurs renommée dans l'industrie immobilière pour ses principes rigoureux de fonctionnement.

Pour rester avec l'entreprise, les courtiers-négociateurs devaient (après avoir suivi une période de formation) inscrire un minimum de 90 000 \$ en commissions par année. La production moyenne en 1978 pour les courtiers-négociateurs de plus d'une année d'expérience était de 234 000 \$. La rémunération d'un négociateur était établie selon une échelle mobile allant de 20 % des commissions rapportées à 60% pour les commissions gagnées dépassant 100 000 \$. Le salaire de 15 000 \$ était rattaché à cette échelle mobile afin que lorsqu'un courtier-négociateur réalisait le minimum de 90 000 \$, son revenu total serait de 45 000 \$. Les courtiers-négociateurs devaient payer leurs propres dépenses et ils ne recevaient leur part de la commission facturée que lorsque la I.C. avait reçu en entier les montants facturés.

Immeubles continentaux encourageait une circulation ouverte des renseignements relatifs à l'activité des clients. Chaque semaine, les courtiers-négociateurs devaient présenter un rapport dans lequel ils identifiaient leurs clients et décrivaient la probabilité de succès des affaires en cours. Si les clients n'étaient pas inscrits dans un rapport, les autres négociateurs pouvaient alors tenter leur chance auprès d'eux. Ce rapport permettait au directeur de succursale de superviser les progrès du courtier-négociateur (et de décourager par la même occasion les inscriptions en trop, le cas échéant) et de renseigner d'autres courtiers-négociateurs des activités d'aménagement des divers secteurs de la ville. "Il n'y a aucun danger de se faire jouer", comme le faisait remarquer un courtier-négociateur. Au contraire, les courtiers-négociateurs qui sont avec la plupart des maisons de courtage canadiennes tendaient à être très secrets en ce qui a trait aux détails de leurs affaires éventuelles.

¹ Dans le domaine de l'immobilier à Calgary existait un principe, qui tenait à la fois des faits et du folklore, voulant que le coût de l'espace pour bureaux soit inversement proportionnel à la distance le séparant du Petroleum Club.

Aucun territoire de vente n'était assigné, mais la plupart des affaires étaient conclues dans les limites de la ville du courtier-négociateur. L'administration encourageait les courtiers-négociateurs à concentrer leurs activités, à limiter leur liste de clients et à miser sur les affaires de grande envergure. Après tout, la I.C. selon Léonard, "ne souhaitait pas traiter toutes les affaires, mais toutes les grosses affaires". Les affaires conclues par un courtier-négociateur à l'extérieur de sa succursale étaient créditées au courtier-négociateur comme à l'habitude, mais le crédit à la succursale allait au territoire dans lequel l'affaire avait eu lieu.

Les règlements de la I.C. établissaient que tous les bureaux devaient tenir des réunions sur les ventes les lundi, mercredi et vendredi de chaque semaine, réunions qui devaient commencer au plus tard à 8h. Ces réunions servaient de premier forum pour l'annonce des faits nouveaux, la collecte d'informations sur les acheteurs et les vendeurs éventuels et pour la discussion des possibilités des projets de vente ou de location proposés ou en cours. Ainsi par exemple, le premier point à l'ordre du jour d'une réunion tenue à Calgary à laquelle l'auteur du cas assistait, était une présentation du directeur de succursale, Stéphane Julien. La réunion a commencé par une discussion sur la faisabilité de la commercialisation d'un nouvel édifice à bureaux en copropriété et de la possibilité de vente d'un tel projet dans le sud-ouest de Calgary. Un courtier-négociateur a alors mentionné qu'un promoteur en construction rival planifiait justement un projet similaire à l'extrémité opposée du pâté de maisons. La discussion s'est alors orientée vers les éventuels clients que le projet intéresserait et une estimation du prix d'un tel projet. Julien a souligné que la proposition était compliquée du fait que le promoteur voulait un investisseur à court terme avant d'entreprendre quoi que ce soit. Les plans d'un architecte ont été examinés et des suggestions ont été faites en ce qui a trait à la quantité d'espace vitré, au nombre et à la vitesse des ascenseurs de même qu'à d'autres améliorations qui pourraient augmenter les possibilités de vente du projet. Finalement, la crédibilité totale du projet a été étudiée: les deux points à considérer étaient que le projet représentait le premier effort du promoteur sur le marché de la copropriété et que l'architecte venait de l'extérieur de la ville.

Une importante partie de l'application du concept d'agence de la I.C. était une politique stricte de placement. En effet, il était interdit à tout le personnel de la I.C. d'acheter des biens immobiliers spéculatifs au Canada ou dans un état américain où la société exploitait activement un bureau. Toute infraction au règlement entraînait un renvoi immédiat. Michaud a expliqué que la logique d'un tel principe était facile à comprendre: le temps qu'une personne passait à investir et à mettre en valeur son propre bien immeuble devait être consacré à la représentation de ses clients. De plus, des clients perfectionnistes en sont venus à respecter les conseils de leur courtier-négociateur justement parce que ce dernier ne cherchait pas à se garder la meilleure partie du gâteau. La I.C. était l'une des rares agences immobilières au Canada à fonctionner avec un tel principe.

La I.C. maintenait un niveau élevé de concurrence interne. Le rendement de chaque courtier-négociateur était inscrit sur un graphique qui était examiné chaque mois devant un jury composé d'autres courtiers-négociateurs.

A l'assemblée annuelle de tout le personnel, le graphique de chaque courtier-négociateur était projeté sur un écran et son rendement était examiné. Une réunion tenue en septembre 1978 illustre bien l'approche de la I.C.; en présence du président du conseil, du président, du directeur général et de tous les directeurs de succursale, chaque courtier-négociateur qui n'avait pas encore atteint une production annuelle de 50 000 \$ devait expliquer les raisons de son faible rendement et se voyait donner des conseils par cette équipe de direction quant aux façons de s'améliorer. Un ancien vendeur de la société Xerox qui a rapidement gravi les échelons dans la société considérait ces pratiques comme directes et raisonnables: "Quelqu'un doit jouer sur l'égo de ces gens. C'est la seule façon de motiver des personnes préoccupées par leur réussite."

Les voyages d'affaires constituaient un autre ingrédient de la recette du succès de la I.C. Ces voyages étaient décrits dans le manuel de procédés de la société comme un programme d'incitation pour encourager les courtiers-négociateurs à élargir leur vision de l'immobilier commercial. Le manuel indiquait qu'un bon courtier-négociateur devait faire un grand nombre de voyages personnels, mais que la société partagerait certains frais engagés au cours de voyages particuliers. Au cours de leur première année chez la I.C., les courtiers-négociateurs de l'Ouest devaient se rendre dans l'Est du Canada et aux États-Unis., tandis que les agents de l'Est du pays devaient voyager vers l'Ouest. Au cours de leur troisième année ils se rendaient en Europe, durant la quatrième année ils visitaient le Sud-Est asiatique et durant la cinquième année, les courtiers-négociateurs devaient visiter les Caraïbes ou Hawaï. Le manuel remis aux agents contenait des recommandations quant aux horaires pour les voyages et mentionnait la contribution de la société pour le prix du billet d'avion et les frais d'hébergement. Le montant de la contribution de la société dépendait de plusieurs facteurs dont a) la remise d'un rapport détaillé avant 60 jours, b) un séjour d'au moins 12 nuits, c) le respect des destinations mentionnées précédemment, d) la soumission préalable de l'itinéraire à tous les bureaux, et e) le fait que l'agent soit accompagné de son épouse. Au cours de ces voyages, le courtier-négociateur qui découvrait la dynamique d'un nouveau marché, devait mettre à jour le Livre des acheteurs et d'y apporter des ajouts. Ce livre contenait une liste des investisseurs internationaux qui avaient manifesté de l'intérêt pour le marché nord-américain de l'immobilier. Le livre contenait également des détails sur les comportements d'acheteur, les critères d'investissement et sur l'histoire.

Direction de la société et des succursales

La I.C. mène ses activités avec une structure de gestion par délégation (Annexe 1). Les directeurs principaux, comprenant le président, le directeur général, et les directeurs de succursale, agissent tous à titre de courtier-négociateur et d'administrateur, et leur production est également évaluée. Il a été démontré que peu de services étaient nécessaires à la conduite efficace des activités de la société. La principale fonction d'organisation était de fournir aux courtiers-négociateurs tous les renseignements nécessaires à leur travail et de les tenir au courant de tous les faits nouveaux (liste de candidats, données sur les ventes, études relatives aux espaces à bureaux, Livre des acheteurs). Chaque succursale était responsable de la mise à jour de ses propres études et registres.

Dans le milieu des années 1970, Léonard Giroux s'est retiré des activités courantes d'administration de la I.C., de manière à se consacrer davantage à la promotion immobilière. À titre de président du conseil, il était toujours engagé dans les questions de principes et était en relation assez étroite avec la société, de façon informelle ou par le biais des réunions trimestrielles du conseil.

La première personne qui a remplacé Léonard dans ses fonctions fut Luc Nolet qui était alors directeur de succursale à Calgary. Après sa nomination, Luc Nolet est demeuré à Calgary. Toutefois, après deux ans de ce régime où il cumulait un double rôle, Luc quitta la I.C. pour lancer sa propre agence. Giroux a donc repris ses fonctions de président durant un certain temps et a demandé par la suite à Jean Morrissette de se joindre à la société à titre de président.

À cette époque, Jean Morrissette était vice-président principal d'une importante compagnie d'assurance. Il avait obtenu son B.A. de l'université Western Ontario et son M.B.A. de la Harvard Business School et était un assureur-vie agréé. Il connaissait Léonard depuis un certain temps du fait de la participation de sa compagnie d'assurance à plusieurs affaires de financement. En 1977, attiré par l'offre de la I.C., Morrissette s'est rendu à Vancouver pour en assurer les fonctions de président.

Quelques mois après l'entrée en fonction de Jean Morrissette, Simon Joannette, directeur général, a quitté la I.C. Simon Joannette fut une exception dans les rangs de la I.C. Il avait davantage d'expérience à titre de promoteur de construction qu'à titre de courtier-négociateur et il ne s'engageait pas personnellement dans les négociations. Il passait plutôt la plupart de son temps à voyager d'une succursale à l'autre, évaluant le progrès enregistré par chaque courtier-négociateur et prodiguant des conseils. Il était, au dire de plusieurs courtiers-négociateurs, très respecté dans ce rôle et il était toujours le bienvenu lors de ses visites aux succursales.

Robert Michaud, successeur de Simon Joannette, était fait d'une autre étoffe, similaire à celle dont était fait son guide, Léonard Giroux. Michaud avait joint les rangs de la I.C. en 1965 après avoir obtenu un M.B.A. de l'université de Western Ontario. Au printemps de 1978, il fut promu de directeur de succursale de Vancouver à vice-président directeur.

Michaud était un courtier-négociateur dynamique et bien informé dont les conseils étaient très appréciés de ses collègues. Il a poursuivi ses activités de vente et réalisait un bon nombre de marchés, parcourant environ 160 000 kilomètres par année et travaillant de 70 à 75 heures par semaine. Du point de vue administratif, Michaud considérait que le recrutement et la formation des directeurs de succursales représentaient sa principale fonction, même s'il ne pouvait s'empêcher de se mêler à diverses autres affaires, que ce soit de résoudre des difficultés soulevées au cours d'un marché, ou qu'il s'agisse de régler des problèmes au sein du personnel. Michaud délégua la tâche de l'évaluation mensuelle du rendement aux directeurs de succursale. Sur les demandes de son travail, Michaud fit remarquer:

"Vous n'appréciez pas le succès sans en payer le prix, et vous ne le payer pas à moins de le vouloir. Vous devez l'apprécier. Vous ne pouvez pas consacrer autant d'énergie physique et mentale et faire

autant de sacrifices à moins de retirer une grande satisfaction de ce que vous faites. Une personne qui dit qu'elle n'en retire aucun plaisir, ne réussira pas dans son travail."

Morrissette et Michaud sentaient tous deux qu'un engagement dans les ventes et une solide expérience dans ce domaine étaient importants pour ceux qui occupaient un poste clé dans la I.C. Le raisonnement tenait compte essentiellement de la crédibilité, en plus d'un sentiment latent que peut-être la pire chose qui pourrait arriver à la I.C. serait l'établissement d'une direction "non productive" et par conséquent que la I.C. devienne sur-administrée. Dans ce contexte, Morrissette et Michaud ont adopté une division implicite des tâches administratives. Morrissette s'occupait des tâches plus générales de l'administration et de la représentation de la société, et Michaud des problèmes plus immédiats relatifs à la supervision et à la production des succursales.

Les procédés de planification et de budgétisation étaient relativement simples chez I.C. Les revenus par succursale étaient évalués annuellement d'après les écritures de la succursale et des prévisions sur l'activité du marché. Les commissions des courtiers-négociateurs constituaient de loin les plus importantes charges de la société et elles variaient directement avec les revenus.

Les budgets de dépenses des succursales et du siège social étaient également préparés et ceux-ci tendaient à refléter une approche simple des activités. Même en voulant réduire les frais administratifs, seul un petit montant d'économie pouvait être réalisé puisque ces frais étaient déjà réduits au minimum.

Succursales importantes

Le marché principal de la I.C., Vancouver, commençait à sortir du marasme qui régnait dans l'immobilier au milieu des années 1970. Entre 1974 et 1976, le taux d'occupation d'espace à bureaux à Vancouver avait chuté à environ 375 000 pieds carrés par année, ce qui est peu comparativement aux 700 000 et 900 000 pieds carrés du début des années 1970. En 1979 toutefois, le taux d'occupation à Vancouver dépassait le niveau annuel de 700 000 pieds carrés et la ville appréhendait un manque d'espace à bureaux pour 1981. Avec ses 25 000 000 de pieds carrés d'espace disponible, comparativement aux 14 000 000 de pieds carrés de Calgary, Vancouver était souvent considérée par les promoteurs comme plus stable que le marché surchauffé de Calgary. La succursale de la I.C. de Vancouver avait maintenu un niveau de production relativement stable avec un taux fluctuant des ventes aux locations. La succursale employait dix courtiers-négociateurs dont la moyenne d'âge était de 37 ans.

Le directeur de la succursale de Vancouver, Per Ek, avait moins de deux années d'expérience avec la I.C. lorsqu'il a succédé à Michaud. Né en Suède, Ek a grandi en Suisse et a obtenu un Ph.D. en économie de l'université de Genève. Après avoir travaillé pour une importante banque suisse, Ek s'est installé à Montréal où il a assemblé des terrains pour un consortium de banques européennes. Ek a débuté à la I.C. à titre de représentant européen pour remplacer Léonard Giroux qui avait diminué ses déplacements. Ek ne se considérait pas un vendeur de haut calibre, mais un technicien qui se spécialisait dans les grands projets de

vente. Son graphique de production attestait, par la position élevée de la ligne, son efficacité. Ek croyait qu'il était important qu'à titre de directeur de succursale, il donne l'exemple d'un excellent travail. Ainsi, même s'il avait engagé un administrateur pour s'occuper des affaires du bureau, il n'était libre que le dimanche après-midi. Avec toutes ses fonctions, directeur de succursale, courtier-négociateur et représentant international, Ek ne pouvait consacrer que très peu de temps à chacun des courtiers-négociateurs.

Edmonton. De 1970 à 1977, Edmonton a absorbé une moyenne de 438 000 pieds carrés d'espace à bureaux par année, atteignant un sommet de 770 000 pieds carrés en 1977. Le demande commença à diminuer aux environs de 1978. La succursale d'Edmonton comptait 8 courtiers-négociateurs; elle en avait 2 en 1974, et représentait une proportion croissante des revenus totaux de la I.C. En 1978, un groupe de quatre courtiers-négociateurs principaux quittèrent la succursale avec en tête l'ancien directeur, Jean Thouin. Ceux qui restaient étaient jeunes, d'une moyenne d'âge de 32 ans et étaient dirigés par Claude Béjin qui a su maintenir une atmosphère relativement détendue. À l'été de 1979, les revenus n'avaient baissé que de 10 % par rapport aux niveaux de 1978, ce qui rendit les courtiers-négociateurs d'Edmonton très fiers de leur travail.

À 36 ans, Claude Béjin était déjà le doyen du bureau d'Edmonton. C.B., comme ses collègues le surnommaient, détenait un B. Comm. de l'université d'Alberta et s'était joint à la société en 1965 alors qu'il était à Edmonton, à titre d'adjoint au directeur de succursale. Il quitta en 1966 lorsque le directeur de succursale et deux courtiers-négociateurs démissionnèrent, mais il revint par la suite au bureau d'Edmonton en 1970. Béjin avait la responsabilité de rendre la succursale productive et de mettre le bureau au pas, mais il y a maintenu l'atmosphère détendue et amicale. Par exemple, si l'on compare le bureau d'Edmonton à celui de Vancouver, les courtiers-négociateurs d'Edmonton se présentaient parfois aux réunions de vente de Ek avec dix minutes de retard, tandis qu'à Vancouver, les portes étaient fermées à clé à 8h. Toutefois, M. Béjin a fait remarquer que les revenus d'Edmonton par courtier-négociateur étaient les plus élevés de tous les autres bureaux de la I.C.

La vie du directeur d'Edmonton n'était pas des plus passionnantes. Une journée type commençait à 7h et s'étendait jusqu'à 18h30; les deux jours durant lesquels l'auteur du cas fut avec lui, son dîner se composait de deux hot-dogs avalés à la hâte tout en composant des numéros au téléphone. Béjin était le meilleur courtier-négociateur de la société. En 1978, il a décrit son travail comme une suppression constante mais d'un autre côté, il adorait l'autonomie dont il disposait. De plus, il aimait donner une liberté similaire à ses courtiers-négociateurs. Bien que Béjin ait admis qu'il avait peu de motivation pour former ses gens, il croyait que peu de courtiers-négociateurs ont eu besoin ou toléreraient une supervision directe.

Calgary. L'industrie de l'aménagement commercial de Calgary traversait une période de croissance sans précédent. À partir de 1965 - alors que Calgary n'avait pas un seul édifice à bureaux de plus de 200 000 pieds carrés - jusqu'à la fin de 1978, le taux annuel de location dans le centre de la ville était d'environ 632 000 pieds carrés, pour atteindre un sommet de 1,6 million de pieds carrés en 1977.

En 1979, avec plus de 80 pour cent de l'espace à bureaux de première classe de Calgary occupés par des entreprises reliées au domaine énergétique, une nouvelle vague d'aménagement fut lancée par les institutions financières, nommément les banques, les compagnies d'assurances et autres, qui suivaient la ruée vers l'Ouest.

L'année 1978 fut superbe pour Immeubles continentaux à Calgary. La production s'était grandement améliorée comparativement au niveau assez bas de 1976, année qui fut particulièrement marquée par le départ de plusieurs cadres du bureau de Calgary dont quelques-uns étaient partis pour Houston, ouvrir une nouvelle succursale et d'autres pour se lancer à leur compte. La production avait alors chuté de 50 pour cent. Mais la succursale sut remonter la pente et passa de 9 courtiers-négociateurs en 1976 à 17 en 1978, dont la moyenne d'âge était de 38 ans.

Le directeur de la succursale de Calgary, Stéphane Julien, comptait dix années d'expérience dans l'immobilier avec la I.C. Ancien vendeur chez Xerox, Julien, âgé de 44 ans, croyait qu'il fallait maintenant déployer plus d'efforts afin de garder dans la société les meilleurs courtiers-négociateurs. "Le bureau de Calgary s'est sérieusement ressenti du départ de Nolet et le bureau d'Edmonton se ressent encore du départ de Thouin", faisait-il remarquer. S'exprimant avec l'engagement d'une personne qui comprend la fâcheuse situation dans laquelle se trouvent les excellents courtiers-négociateurs, Julien a expliqué: "Lorsque la politique d'investissement n'autorise plus d'abris fiscaux à un courtier-négociateur et qu'aucune participation n'est offerte, à un certain point, il n'est plus économique pour une personne de demeurer dans la société." Le principe d'investissement était un outil de vente trop important à sacrifier, mais il fallait trouver une solution afin de garder les bons "compteurs". Un autre courtier-négociateur vétéran ajouta d'un ton sarcastique: "Léonard Giroux a créé un monstre qui engendre de riches prima donna que le système fiscal a vite forcé à quitter la société!"

Le bureau de Calgary avait le plus grand nombre de courtiers-négociateurs et Julien se doutait bien qu'il devait avoir atteint ou même dépassé son niveau maximal. Les vendeurs, ceux qui étaient à la société depuis des années en particulier, commençaient à exprimer leur crainte et croyaient que le haut degré de professionnalisme de la société était menacé par le nombre croissant de courtiers-négociateurs. Ils citèrent entre autres, pour appuyer leurs dires, l'augmentation de la concurrence interne, la diminution de la circulation de l'information entre les courtiers-négociateurs et la baisse d'efficacité des réunions de ventes. De leur côté, les courtiers-négociateurs plus jeunes disaient que les vieux bougonnaient parce qu'ils se sentaient dépassés par ces jeunes recrues débordant de dynamisme.

Direction des courtiers-négociateurs

Le recrutement et la formation des courtiers-négociateurs de même que la capacité à les garder à son emploi, constituaient pour la I.C. la clé d'une croissance assurée.

Recrutement. La société recrutait auprès des universités et des personnes qui avaient une certaine expérience dans la vente. Au cours des dernières années, elle limita son recrutement universitaire aux universités British Columbia, Reading (située près de Londres en Angleterre) et Western Ontario. Les deux premières offraient des cours axés sur le domaine de l'immobilier alors que la troisième avait mis sur pied un programme de maîtrise en évaluation de terrains en zones urbaines. Les diplômés de Reading réussissaient très bien à la I.C., mais en raison d'un contingentement imposé par le service canadien de l'immigration, le nombre des candidats était désormais limité. Michaud se plaignait de l'indifférence que semblait manifester la plupart des écoles commerciales à l'égard du domaine de l'immobilier. Il déclara que la I.C. mettrait tout en oeuvre pour susciter leur intérêt et faire avancer les choses.

La société avait récemment recruté comme courtiers-négociateurs d'anciens directeurs des ventes de I.B.M. et de Xérox. Ces vendeurs professionnels, dotés d'une excellente formation, apportèrent à la I.C. un nouveau style de négociation. L'importance qu'ils accordaient aux techniques de vente alliée à l'emphase qu'avait toujours mise la I.C. sur la connaissance du produit, donnaient de très bons résultats. Les courtiers-négociateurs venant de Xérox croyaient qu'il était possible d'augmenter grandement l'efficacité du personnel de la I.C. Ils signalèrent en particulier que les courtiers-négociateurs de la I.C. auraient tout avantage à apprendre de nouvelles méthodes de ventes plus dynamiques. À ce sujet, un des anciens employés de Xérox, qui réussissait très bien à la I.C., faisait remarquer: "Ici, tout le monde travaille fort, mais peu travaille de façon intelligente".

La société n'avait aucun problème quant au nombre de candidats éventuels. Comme le faisait remarquer Stéphane Julien, il recevait plus d'offres de service par téléphone qu'il n'y aurait jamais de postes dans la société. La question demeurait la qualité des candidats et leur aptitude à réussir à la I.C.

Formation. Un programme de formation des adjoints constituait la principale méthode de formation utilisée par la I.C. La I.C. autorisait un courtier-négociateur ayant atteint une production de 100 000 \$ pendant deux années consécutives à engager un adjoint. De plus, si le courtier-négociateur avait totalisé 200 000 \$ de production en deux ans ou s'il avait obtenu une importante inscription de bureaux ou d'industries (soit plus de 150 000 pieds carrés), il pouvait engager un deuxième adjoint. Le salaire mensuel d'un adjoint était de 700 \$ pendant les six premiers mois de travail et de 750 \$ par la suite. S'il avait de l'expérience, il pouvait toucher 800 \$ par mois. Au cours de sa première année, l'adjoint ne recevait aucune gratification à la production. Un nouvel employé possédant un M.B.A. de l'université Western Ontario expliquait en ces termes pourquoi il avait hésité à accepter un poste à la I.C.: "700 \$ par mois! Je gagnais plus que ça au cours de mes emplois d'été."

Les courtiers-négociateurs devaient recruter et former eux-mêmes leurs adjoints. La qualité de la formation donnée par les courtiers-négociateurs variait beaucoup, ce qui occasionnait parfois le départ des adjoints. À la succursale de Calgary par exemple, cinq nouveaux adjoints quittèrent la société au cours des deux dernières années.

Pour la plupart des adjoints, la formation durait douze mois. À la fin de ce stage, le courtier-négociateur et son adjoint établissaient ensemble un plan de carrière pour ce dernier. Parfois, les adjoints se voyaient confier de plus grandes responsabilités et pouvaient participer au système de gratification. Sinon, ils étaient nommés courtiers-négociateurs et devaient par le fait même répondre aux critères d'efficacité qu'exigeait d'eux la I.C.

Certains candidats ne voulaient ou ne pouvaient, pour des raisons monétaires, accepter la diminution de revenus que comportait le poste d'adjoint. Ainsi dans certains cas, les candidats ayant de l'expérience dans la vente, pouvaient commencer immédiatement un travail relié aux négociations. Leur période de formation était généralement de trois mois. Par la suite, ils étaient promus au poste de courtier-négociateur permanent et recevaient une rémunération annuelle de 15 000 \$ plus un pourcentage de commission plus élevé. Cependant, leur travail était habituellement "limité" au début. En fait, ils étaient affectés à une zone ou à un projet particulier, ce qui leur permettait d'approfondir leurs connaissances sur un aspect précis de l'immobilier.

Mis à part le programme de formation des adjoints, la I.C. n'avait pas de méthode structurée de formation ou de documentation à ce sujet. Toutefois, en 1979, Claude Roy, un excellent courtier-négociateur, rédigea un important manuel de procédés et de techniques très détaillé. Roy envisageait éventuellement de se lancer à titre de conseiller en immobilier auprès des principaux promoteurs en construction. La rédaction de ce manuel cadrait alors parfaitement avec ses aspirations du moment. Les courtiers-négociateurs ainsi que les directeurs de succursale étaient d'avis que ce manuel permettrait de combler largement le manque qui se faisait sentir dans la formation offerte par la société. Un directeur de succursale, qui était d'avis que la formation jouait un rôle capital dans le succès de la société, louangea l'initiative de Roy car, en réalité, il n'était que trop heureux de se libérer de cette responsabilité.

Lorsqu'un adjoint était promu au poste de courtier-négociateur, il devenait en quelque sorte un petit homme d'affaires; il engageait des adjoints avec l'accord de la I.C, recouvrait des comptes non réglés, mais avant tout, concluait des affaires. Pendant ce temps, le courtier-négociateur débutant avait généralement beaucoup plus à apprendre. La vente de propriétés commerciales dont les prix s'échelonnaient entre 300 000 \$ et 20 000 000 \$, nécessitait de solides connaissances de presque tous les aspects du domaine immobilier. Pour acquérir cette compétence, de nombreux courtiers-négociateurs débutaient dans la location, domaine qui leur permettait d'accumuler des connaissances sur les locataires des immeubles commerciaux et industriels et sur les investissements requis des propriétaires. Par la suite, ils se dirigeaient vers la vente, ce qui leur permettait alors d'acquérir de l'expérience dans l'évaluation et le financement de projets, l'imposition des particuliers et des sociétés, les règlements sur le zonage et les lois sur les propriétés. À ses débuts, un courtier-négociateur s'occupait habituellement de vingt à trente petits clients et demandeurs, et réduisait ensuite ce nombre à trois ou quatre comptes importants. L'idéal était de former de solides relations d'affaires avec un promoteur dynamique en construction, puis d'aider ce promoteur à étendre ses activités, jouant le rôle à la fois du conseiller en placement immobilier et celui de courtier-négociateur.

Intéressement du personnel. La I.C. a dû, depuis le début de ses activités, s'accommoder d'un fort taux de rotation de son personnel. Les deux tiers du groupe actuel de courtiers-négociateurs remplissent ces fonctions au sein de la société depuis moins de deux ans. En se fondant sur les années de 1974 à 1978, il y avait une probabilité de 84% qu'un courtier-négociateur quitte la société avant sa cinquième année de service. Une des raisons de cette rotation était que les nouveaux membres du groupe s'apercevaient qu'ils ne pouvaient d'adapter ou qu'ils ne réussiraient pas à atteindre les 90 000 \$ requis au chapitre des commissions annuelles. Plus grave encore pour la société a été le départ, pour des raisons allant de l'ambition financière à l'autonomie personnelle, de courtiers-négociateurs parmi les meilleurs du groupe.

La I.C. se demandait s'il était possible ou souhaitable de prendre des mesures afin de retenir ses courtiers-négociateurs le plus longtemps possible à son service. La société offrait déjà des programmes d'intéressement visant à stimuler la stabilité (voir annexe n° 2) et un régime de retraite qui, après dix ans de participation, permettrait à un courtier-négociateur de toucher une pension annuelle de 60 000 \$. Ces mesures ne semblent pas avoir eu l'effet escompté. Michaud émit le commentaire suivant: "Lorsqu'une personne a gagné 200 000 \$ ou 300 000 \$ par année, et ce, pendant trois ou quatre ans, on ne peut s'attendre à ce qu'elle reste." Peu de temps après avoir passé cette réflexion, Michaud rencontra dans un autre bureau de la I.C., l'auteur du présent cas et il venait de recevoir un appel téléphonique lui annonçant que le directeur de la succursale de Toronto avait remis sa démission.

Perspectives de croissance

De l'avis du personnel cadre, deux voies possibles s'ouvraient à la I.C. devant aboutir à la croissance des affaires: la première étant l'ouverture de nouvelles succursales et l'autre, l'augmentation du volume des succursales existantes par la percée sur le marché avec de nouveaux produits.

Établissement de succursales. L'ouverture de succursales peut être considérée comme le premier instrument de croissance quoiqu'il ne soit pas du tout prouvé que la façon de procéder mise de l'avant par la I.C. puisse être aisément exportée hors du triangle Vancouver-Calgary-Edmonton. Les résultats enregistrés par la succursale de Toronto ont été irréguliers et cette situation a été attribuée de diverses façons aux conditions du marché, aux maisons concurrentes déjà solidement établies ou à la faiblesse des techniques de gestion et de recrutement. Malgré les difficultés, l'opinion générale, dans l'Ouest, voulait qu'un directeur dynamique et d'expérience pouvait avec succès mettre l'entreprise sur pied. Deux succursales venaient d'être ouvertes à Houston et à Phoenix aux États-Unis. Les résultats à Houston furent quelque peu décevants en raison, sans doute, du moment choisi (relativement tard dans le boom de Houston) et du peu de contacts sur place (l'entrée de la I.C. sur ce marché s'est faite avec un promoteur canadien qui lui aussi en était à ses premiers pas sur ce marché). Un enthousiasme plus grand

régnait à la succursale de Phoenix qui, sous la poussée d'un courtier-négociateur dynamique, avait ouvert ses portes en janvier 1979. Le marché de Phoenix croissait rapidement et était devenu un lieu d'expansion très intéressant pour les promoteurs canadiens désireux de s'établir dans le sud.

Selon Robert Michaud, d'ici sept à dix ans, les Immeubles continentaux devraient exploiter des bureaux dans quinze villes clés. Les deux plus sérieuses contraintes à cette expansion seraient selon lui la difficulté à trouver les personnes qui conviennent et sa propre disponibilité.

"Il faut compter de quatre à sept ans avant que les assises soient solidement posées dans une ville. Pendant la période que consacre le producteur important à s'approprier une part du marché dans une nouvelle région, les bases d'une négociation efficace ont été établies. Mon travail consiste à déterminer le moment où un jeune courtier-négociateur est prêt, à lui confier le nouveau marché et à l'aider à progresser. Pour mener cette entreprise à bien, nous devons puiser dans notre propre personnel car en allant chercher des courtiers-négociateurs à l'extérieur ou en faisant l'acquisition d'une entreprise existante, nous pourrions nous retrouver aux prises avec des difficultés de taille."

L'ouverture de succursales a donc été fonction de la possibilité de Michaud de former et de superviser de nouveaux directeurs, ce qu'il ne pouvait faire pour plus de deux récentes succursales à la fois. En ce qui a trait aux nouvelles succursales qu'il serait possible d'ouvrir aux États-Unis, les contraintes étaient encore plus fortes à cause d'un règlement de l'immigration limitant à une personne le nombre de Canadiens pouvant être engagés dans chacun des bureaux.

Nouveaux produits. Une expansion davantage accentuée de l'activité de la I.C. sur les marchés de la gestion industrielle et immobilière serait un domaine possible de croissance immédiate.

Tant à Calgary qu'à Edmonton, la recherche de possibilités dans le secteur industriel a été entreprise sans toutefois accorder aucune priorité à l'une d'elles. De l'avis du personnel de la I.C. les procédés de mise au point et de prise de décision concernant le marché industriel étaient différents en raison du fait qu'ils s'adressent à un autre type de clients et qu'ils sont fondés sur d'autres critères aussi: "Les possibilités sont immenses, explique un courtier-négociateur, mais j'établis plus facilement la communication avec les personnes de classe moyenne qu'avec les magnats du pétrole." La majorité des courtiers-négociateurs agissant sur la marché industriel de Calgary n'avait pas choisi cette voie, elle y avait été affectée. Un autre courtier-négociateur industriel mentionne: "Les transactions sont minimales et il faut déployer le double d'efforts pour récolter la moitié moins de revenus." Edmonton trempe depuis toujours dans le monde industriel mais, dans toute l'histoire, un seul courtier-négociateur de ce bureau s'est spécialisé dans ce genre de transaction.

Les activités de gestion immobilière s'exerçaient à partir du siège social situé à Vancouver et Ted Foster, expert-comptable avec la société depuis 1967, en assurait la direction. Sa tâche principale consistait à veiller à la bonne marche d'un bureau et couvrait les relations avec les locataires de l'immeuble,

l'entretien de locaux, l'assurance, la sécurité etc. Le principal concurrent était constamment tenté de s'occuper de la gestion. Les courtiers-négociateurs avaient la responsabilité de décrocher des contrats de gestion et, une fois l'entente passée, remettait le tout entre les mains de Foster. En 1979, les activités de gestion immobilière devaient rapporter environ 1 000 000 \$ bruts, la participation de Vancouver étant de 50%, celle de Calgary de 25% et le reste provenant d'Edmonton et de Toronto. L'entreprise enregistrait des profits et sa croissance était d'environ 15% par année.

Jean Morrisette a mis de l'avant d'autres possibilités. Selon l'une d'elle, la I.C. pourrait participer, avec d'autres associés, à l'assemblage et à l'achat de propriétés commerciales qui seraient revendues, lorsque l'assemblage serait jugé approprié, à des caisses de retraite ou des fiducies. Dans le même ordre d'idée, la I.C. pourrait jouer le rôle d'agent, au nom de caisses de retraite ou de fiducies, dans l'assemblage et la gestion de propriétés produisant un revenu. L'un comme l'autre de ces projets font appel à l'expérience que possède la société en matière de gestion et sur l'intérêt de plus en plus marqué que prennent les gestionnaires de caisses de retraite pour les placements immobiliers.

Représentant, jusqu'à un certain point, l'idée que se font les courtiers-négociateurs plus âgés des objectifs et des méthodes de croissance, Richard Thouin proposa un point de vue relativement différent. Du fait d'une croissance dynamique, il ne voudrait pas que la société sacrifie la qualité à la quantité et prenne la voie de devenir une maison de "courtage". Prenant à titre d'exemple Calgary, Thouin suggéra que le nombre de courtiers-négociateurs devrait se situer entre cinq et sept au lieu du nombre actuel de dix-sept. Seuls ces courtiers-négociateurs assisteraient aux réunions du matin leur procurant ainsi toute l'information et les conseils pertinents. Toutefois, chaque courtier-négociateur serait secondé par deux adjoints qualifiés et il serait responsable de la production et des profits de son groupe de trois personnes. Afin de s'assurer le plus longtemps possible les services de courtiers-négociateurs chevronnés, Thouin proposa une modification à la politique de placement; il serait toujours interdit aux courtiers-négociateurs de faire des transactions dans le centre-ville ou des transactions de terrains bruts, mais un secteur de terrains pourrait être consacré au placement. Tous les clients de la I.C. seraient informés quant à la nature et à l'étendue de cette zone de placement. Finalement Thouin limiterait l'ouverture de succursale aux seuls endroits ayant un fort taux de croissance, soit dans l'Ouest du Canada et dans quelques villes américaines qui font preuve de dynamisme.

La proposition de Thouin tout en maintenant la stratégie de la société contenait un changement radical dans la méthode d'exploitation. Peu de courtiers-négociateurs furent aussi présomptueux; la plupart soutinrent que Léonard Giroux avait mis au point une formule extraordinaire qu'il ne fallait pas modifier. Demandez la raison pour laquelle d'autres n'ont pas réussi à imiter les méthodes de Immeubles continentaux et un courtier-négociateur vous répondra que c'est parce que personne n'a eu l'audace d'essayer.

ANNEXE 1

IMMEUBLES CONTINENTAUX LIMITÉE

Organigramme 1979

Léonard Giroux	-	PRÉSIDENT DU CONSEIL
Jean Morrissette	-	PRÉSIDENT
Robert Michaud	-	VICE PRÉSIDENT DIRECTEUR ET DIRECTEUR GÉNÉRAL

Jack H. Adamson - TRÉSORIER

Ted S. Foster - ADMINISTRATION
IMMOBILIÈRE

COMPTABILITÉ GÉNÉRALE ET
ADMINISTRATION DES
SUCCURSALES

DIRECTEURS DE SUCCURSALES

COMPTABILITÉ -
GESTION IMMOBILIÈRE

Per Ek	-	Vancouver
Claude Béjin	-	Edmonton
Stéphane Julien	-	Calgary
Ron Gould	-	Toronto
Mark Graham	-	Houston
Keith Spencer	-	Phoenix

COURTIERS-NÉGOCIATEURS
ADJOINTS

DIRECTEURS DE BUREAUX
SECRÉTAIRES

DIRECTEURS
IMMOBILIERS

Source: Notes de l'auteur

ANNEXE 2

IMMEUBLES CONTINENTAUX LIMITÉE

Programme d'intéressement*

Ancien système	Programme actuel	Prix
100 000 \$	2,5 x production minimale	Montre en or
300 000 \$	5 x production minimale	Téléviseur couleur
750 000 \$	10 x production minimale	Lincoln Continental
1 000 000 \$	20 x production minimale	Paie ment des frais de scolarité au niveau universitaire pour les enfants du vendeur
	Proposition: 30 x production minimale	Option d'acquérir une participation de 5 pour cent dans une propriété de 5 000 000 \$
	Proposition: 40 x production minimale	Droit de lever l'option

* Fondé sur la production cumulative. Selon le programme actuel, le courtier-négociateur réalisant des commissions égales à deux fois et demie 90 000 \$ reçoit une montre en or.

Source: Dossiers de la société

REBEL FIRE APPARATUS LTD.

ÉQUIPEMENT DE PROTECTION CONTRE LES INCENDIES

Les produits distribués dans ce secteur industriel comprennent les camions de pompiers, les boyaux, les extincteurs d'incendie, les systèmes de gicleurs automatiques et les pièces composantes telles ajutages, valves, connexions et coupleurs. Les entreprises dans cette industrie se spécialisent habituellement dans une gamme de produits (par exemple, les camions), et aucune entreprise ne fournit une gamme complète de ces produits.

Tous les produits de protection contre les incendies doivent répondre à certaines normes minimales avant d'être installés dans un immeuble. Ces normes visent à protéger le public contre l'équipement défectueux en cas d'urgence qui pourrait causer des dommages à la propriété ou des blessures. Les normes stipulées dans les codes de prévention des incendies ont été préparées par de nombreuses agences gouvernementales, des organismes techniques nationaux et des associations industrielles.

Les codes de prévention des incendies varient à travers le Canada. Actuellement, il existe douze patrons différents pour filets de vis au Canada et, malgré certains essais pour normaliser les filets de vis, il a été impossible de convertir ces derniers en un seul patron à l'échelle nationale en raison du coût d'une telle conversion. Les entreprises doivent donc connaître toutes les normes régionales afin de pouvoir distribuer des produits à l'échelle nationale.

Étant donné les différentes tailles d'ajutages et les différents filets utilisés régionalement, la production en masse d'équipement de prévention des incendies était presque impossible. Par conséquent, chaque commande devait être produite individuellement. Cette caractéristique de l'industrie explique comment plusieurs petites entreprises avaient pu se tailler une niche particulière dans un marché très concurrentiel.

Il existe quatre marchés principaux dans l'industrie de l'équipement de protection contre les incendies: les marchés de la construction, de l'équipement pour combattre les incendies, de l'équipement industriel de protection contre les incendies et de l'équipement spécialisé.

Le marché de la construction comprend l'équipement de base qui doit être installé dans les nouvelles constructions. Ce type d'équipement doit être conforme aux codes de la construction et de la prévention des incendies. Les produits les plus importants de ce secteur sont les produits disposés dans les cabinets de boyaux d'incendie qu'on trouve dans tous les immeubles publiques. Ces produits comprennent les supports à boyaux, les valves, les boyaux, les ajutages et les extincteurs. Ces produits sont fabriqués et vendus en grande quantité par rapport aux produits des autres secteurs. La conception des produits n'est pas tellement différente d'un manufacturier à l'autre. Le problème principal est de s'assurer qu'on fabrique le bon filet de vis pour chaque région du pays. Le principal facteur de vente dans ce secteur est le prix. Les délais de livraison importent moins.

Dans le cas des constructions d'usines, de l'équipement supplémentaire de protection contre les incendies peut être requis selon la nature des activités de l'usine. Cet équipement supplémentaire représente le secteur de l'équipement industriel de protection contre les incendies. Il s'agit d'équipement plus complexe que l'équipement installé par l'entrepreneur. Par exemple, si l'entreprise a des ordinateurs, il faut installer de l'équipement pour le dioxyde de carbone. Des ajutages plus grands et plus complexes sont nécessaires pour cet équipement. Étant donné le marché limité et la complexité des produits, les prix sont plus élevés dans ce secteur que dans le secteur de la construction.

Le marché des services d'incendie comprend de l'équipement très sophistiqué. Les services d'incendie doivent être en mesure de combattre toutes sortes d'incendies. De plus, chaque pièce doit être d'une qualité suffisante pour fonctionner optimalement. Le fabricant de ce type d'équipement doit être compétent en conception technique, doit faire de la recherche sur les nouveaux produits et doit avoir les installations pour tester chaque nouvelle pièce vendue. Puisque les services d'incendie ne peuvent pas se passer d'une pièce ou d'une autre pour longtemps, la livraison est un facteur clé dans ce secteur. Le prix est un facteur moins important parce que les services d'incendie s'attendent à payer plus cher pour la qualité exigée dans leurs spécifications.

Plusieurs produits dans ce secteur sont uniques et exigent beaucoup de travail. Ils sont fabriqués en petite quantité et coûtent très cher. Ces produits ont résulté de certains besoins des utilisateurs et de la compétence des concepteurs et des fabricants pour répondre à ces besoins. Dans plusieurs cas, le fabricant travaille d'après les prix de revient. (C'est-à-dire que le fabricant additionne tous les coûts reliés au travail et ajoute une marge de bénéfice une fois le travail fini.)

ENTREPRISES MANUFACTURIÈRES

La plupart des entreprises canadiennes dans l'industrie de l'équipement d'incendie étaient des filiales de grandes entreprises américaines. Parmi les plus importantes, mentionnons Elkart, Wilson and Cousins, Fyr-Fyter and Akron. La plupart de ces entreprises importaient des produits semi-finis de leur compagnie mère aux États-Unis pour terminer la production au Canada. Presque toutes les entreprises fabriquaient des produits pour le secteur de la construction et se spécialisaient en plus dans une autre gamme de produits. La gamme de produits dans cette industrie était si vaste qu'aucune entreprise, même les plus grandes, ne produisait une gamme complète.

La distribution des produits s'effectuait de deux façons. Quelques grandes entreprises avaient leur propre service de ventes et leur propre système de distribution, mais la plupart des fabricants avaient un réseau séparé de distribution et d'entreposage.

La plupart des distributeurs faisaient affaire avec des entreprises concurrentes. Les distributeurs indépendants n'aimaient pas faire affaire avec les entreprises qui vendaient directement, et ainsi, ils s'efforçaient d'obtenir des produits de petites entreprises qui utilisaient uniquement des distributeurs indépendants. De plus, la plupart des distributeurs vendaient de l'équipement de sécurité tels revêtements de plastique, lunettes sécuritaires et vêtements sécuritaires. Parmi les distributeurs nationaux les plus importants, mentionnons Dyer and Miller, Safety Supply, Canadian Electric Box and Stamping Ltd., Wilson and Cousins and National Fire Hose.

CONCURRENCE ÉTRANGÈRE

La concurrence étrangère au Canada était limitée dans les secteurs du marché où la livraison était un facteur important. Les acheteurs canadiens n'achetaient pas beaucoup de produits importés de l'étranger parce qu'il était difficile d'obtenir des pièces de rechange. Cependant, les

distributeurs canadiens achetaient certains produits des manufacturiers américains. Entre autres, ils achetaient des pièces de rechange que les fabricants canadiens avaient cessé de produire et d'autres articles spécialisés qui n'étaient pas fabriqués au Canada ou qui coûtaient trois à quatre fois plus cher au Canada.

AVENIR DE L'INDUSTRIE DE L'ÉQUIPEMENT DE PROTECTION CONTRE LES INCENDIES

Les secteurs de l'équipement pour les services d'incendie, de l'équipement industriel de protection contre les incendies et de l'équipement spécialisé ont connu une croissance proportionnelle à l'augmentation de la population. Dans ces secteurs, l'équipement devenait plus sophistiqué à mesure que les besoins devenaient plus complexes.

La croissance du secteur de la construction dépendait des conditions économiques. Ce secteur suivait les cycles de l'industrie de la construction et croissait avec l'augmentation de la demande en habitation.

En ce qui concerne les nouveaux produits, la tendance vers l'usage du plastique se développait. Les problèmes initiaux auxquels faisaient face les manufacturiers avaient été réglés et certaines grandes entreprises, telles Wilson and Cousins et Akron, commençaient à vendre des ajutages en plastique. Si le coût du cuivre continuait d'augmenter, le plastique occuperait une place de plus en plus grande dans le marché.

LA COMPAGNIE REBEL FIRE APPARATUS LTD.

Rebel Fire Apparatus était une entreprise manufacturière de Hamilton qui fabriquait des pièces en cuivre pour usage avec de l'équipement pour combattre les incendies. Sa gamme de produits prenait de l'expansion et comprenait des ajutages, des valves, des adapteurs et des connexions. La compagnie usinait et assemblait une gamme limitée de pièces d'équipement pour combattre les incendies et vendait ces produits à l'aide d'un réseau de distributeurs à travers le pays et dans certaines régions des États-Unis.

Don Steen, propriétaire de l'entreprise, avait travaillé pendant 18 ans pour Wilson and Cousins, fabricant d'une vaste gamme de produits pour combattre les incendies. En 1966, à l'âge de 38 ans, M. Steen décida de quitter son emploi de directeur de l'usine et de s'établir à son propre compte. Avec peu d'expérience en administration, mais une bonne connaissance des produits et de l'industrie, M. Steen a commencé en usinant et en vendant lui-même des ajutages à certains dépositaires d'équipement d'incendie.

M. Steen réussissait bien à améliorer les anciens produits et à en concevoir de nouveaux. À cause de la grande qualité de ses produits, de leur conception moderne et de leur prix concurrentiel, M. Steen se bâtit une bonne réputation comme fabricant. Ses ventes augmentèrent

régulièrement (Annexe 1) de \$50 000 en 1967, sa première année complète d'activité, à un volume prévu de \$300 000 en 1970. M. Steen prévoyait doubler ses ventes en trois ans. (Les états financiers de l'entreprise pour 1967-69 sont présentes à l'Annexe 2.)

Les commandes augmentaient constamment, et il n'était pas difficile d'obtenir de nouvelles ventes; mais M. Steen devint inquiet de voir de plus en plus de commandes en attente. Chaque semaine, un plus grand nombre d'échéances n'étaient pas respectées et M. Steen croyait que l'entreprise devenait trop grande pour qu'il continue à tout surveiller lui-même. Il s'agissait de préparer Rebel Fire Apparatus pour faire face à sa croissance, mais M. Steen avait de moins en moins le temps d'y penser.

MARKETING

Rebel faisait surtout affaire dans le secteur de la construction. En promettant une livraison rapide et en vendant ses produits à 10 pour cent de moins que ses concurrents, Rebel avait réussi à s'accaparer une bonne part de marché. En plus, M. Steen était certain que ses rapports personnels avec les distributeurs avaient été un facteur clé pour obtenir de nouvelles commandes.

Rebel vendait ses produits exclusivement par l'entremise des distributeurs indépendants. La compagnie ne vendait pas ses produits directement à des ouvriers et elle n'avait pas de vendeurs. C'est pour cette raison que les distributeurs de Rebel étaient très loyaux. Rebel avait un nombre restreint de clients et, en 1969, cinq clients principaux représentaient 75% des ventes de Rebel (Annexe 3).

PRODUITS

Rebel fabriquait trois produits principaux: les ajutages, les adaptateurs et les connexions. L'Annexe 4 illustre une analyse comparative des ventes par produit pour les mois de décembre 1968 et novembre 1969.

Les ajutages utilisés pour l'équipement de protection contre les incendies ressemblent aux ajutages de boyaux d'arrosage domestiques, sauf qu'ils doivent subir de très hauts niveaux de pression d'eau. Les prix varient de dix dollars pour un petit ajutage de base à cinq cents dollars pour un ajutage plus sophistiqué. La compagnie vendait principalement un ajutage de 2,5 cm. M. Steen estimait qu'il détenait 50% d'un marché de 18 000 unités pour ce produit.

Les connexions sont des bouches d'incendie en Y fixées à l'extérieur des immeubles. Le marché total pour ce produit représentait environ 65 000 unités par année, et Rebel en détenait environ 80 pour cent.

Les adaptateurs sont des coupleurs en cuivre qui servent à joindre deux pièces d'équipement avec des filets de vis différents. M. Steen estimait que le marché pour ce produit représentait 40 000 unités par année, et que Rebel en vendait environ 60%.

FONDERIE

À l'origine, Rebel achetait toutes ses pièces coulées d'une fonderie indépendante, mais l'arrangement ne fut pas un succès en raison des délais de livraison et d'un service insatisfaisant. En septembre 1968, M. Steen acheta la fonderie Jeffery qui était en faillite en assumant ses pertes de \$29 000 qu'il pouvait déduire des bénéfices de son entreprise pendant les cinq années suivantes. M. Steen demeura à 100% propriétaire de la fonderie mais cette dernière était une entité légale distincte de Rebel Fire Apparatus.

Rebel achetait les matériaux nécessaires pour la fonderie; la fonderie Jeffery coulait le matériel de Rebel et facturait \$1,20 le kilogramme pour ce service. Ce prix de transfert (un peu plus élevé que le prix courant sur le marché pour des services de coulée) permettait à la

fonderie de générer un profit pour effacer la perte de \$29 000 et permettait quand même à Rebel d'offrir des prix concurrentiels. La fonderie était en mesure de produire environ 8 200 kg de pièces coulées par mois; cependant, elle n'en produisait à ce moment que 5 500 kg par mois. M. Steen était d'avis que la capacité de la fonderie serait doublée s'il embauchait un ouvrier supplémentaire et s'il achetait de l'équipement d'une valeur approximative de \$4 000.

La fonderie travaillait exclusivement pour Rebel, et n'acceptait aucune autre commande. M. Steen ne croyait pas être en mesure de gérer des ventes potentielles à d'autres entreprises. Les anciens propriétaires de la fonderie la géraient encore. M. Steen avait peu de relations avec la fonderie, sauf pour une période de quelques minutes chaque matin alors qu'il passait prendre les pièces coulées de la journée pour l'usine. À la fonderie, les employés ne poinçonnaient pas leur temps, et il n'y avait aucun système de rapport des dépenses ou de budget. Si la fonderie produisait les pièces coulées requises par l'usine, M. Steen ne se préoccupait pas de poser de questions.

PERSONNEL

Pour démarrer son entreprise, M. Steen persuada six ouvriers expérimentés de se joindre à lui. Comme instrument de motivation, M. Steen accorda à chacun de ces six ouvriers une participation financière dans l'entreprise.

Ainsi, les employés étaient très consciencieux et avaient comme objectif de bâtir une nouvelle compagnie. Il arrivait souvent que les hommes travaillaient en temps supplémentaire à des taux réguliers lorsqu'il y avait beaucoup de commandes en attente. Leur temps supplémentaire était rémunéré au moyen d'un boni à Noël.

Il n'y avait pas de structure organisationnelle officielle dans l'entreprise, mais Bill Turner, qui s'occupait de l'expédition et de la livraison, était responsable de l'usine quand M. Steen s'absentait. À un moment donné, M. Steen fut absent pour raison de maladie pendant deux semaines, et Bill réussit très bien à gérer la compagnie. Remal Biggs était le machiniste en chef et n'avait pas de difficulté à surveiller les autres ouvriers et à former de nouveaux employés. Remal connaissait à fond tous les produits de la compagnie et savait exactement combien de temps il fallait pour les usiner.

CONCURRENCE

Les deux concurrents les plus sérieux de Rebel étaient Wilson and Cousins, une filiale de Purex, et Coulter Brass. Wilson and Cousins était une grande entreprise et possédait des ressources financières importantes. Elle offrait

une vaste gamme de produits et utilisait ses propres distributeurs qui vendaient uniquement ses produits. Elle accusait des ventes de l'ordre de \$200 000 sur le marché de l'équipement de protection contre les incendies, et ceci ne représentait que 12% des ventes totales annuelles de Wilson and Cousins. Les autres produits vendus étaient achetés de fournisseurs extérieurs. Puisque cette entreprise s'orientait de plus en plus vers la distribution, M. Steen croyait que son entreprise avait de bonnes chances de devenir un fournisseur de pièces requises par Wilson and Cousins.

Le deuxième concurrent le plus important de Rebel était Coulter Brass. Les ventes de Coulter Brass étaient moins élevées que celles de Rebel et, parce qu'ils avaient de la difficulté à rencontrer les prix offerts par d'autres compagnies, on s'attendait à ce que leurs ventes diminuent à l'avenir.

Akron Manufacturing, compagnie américaine, avait une filiale à Aylmer, en Ontario. Cette entreprise fabriquait surtout de l'équipement pour les services d'incendie et ne représentait qu'une concurrence limitée pour Rebel. Ce secteur du marché exigeait une très haute qualité et une excellente compétence technique. Akron était réputée pour son service de recherche et de mise au point et employait de nombreux ingénieurs. M. Steen croyait, cependant, que le secteur des services d'incendie pouvait offrir à Rebel des occasions d'affaires.

PROCESSUS DE COMMANDE

Dans la majorité des cas, le distributeur donnait sa commande par téléphone et préférait parler directement avec M. Steen. Habituellement, M. Steen donnait un prix par téléphone, mais lorsqu'il s'agissait d'une commande spéciale, il rappelait le client au courant de la journée après avoir déterminé le prix. Pour la plupart des commandes, on promettait au client une livraison en moins d'une semaine ou de dix jours, même si M. Steen savait qu'il ne respecterait peut-être pas cet échéancier.

Les commandes étaient écrites sur un bout de papier et placées dans une chemise. Les clients envoyaient habituellement une lettre ou un bon de commande pour confirmer leur commande, et on remplaçait alors le bout de papier par la lettre ou le bon de commande. Les commandes étaient regroupées et représentaient dès lors les commandes en attente.

Lorsque les pièces coulées arrivaient de la fonderie, Bill Turner vérifiait le dossier des commandes en attente et dressait une liste de toutes les pièces qui devaient être usinées pour compléter une commande. Il transmettait verbalement cette information au machiniste en chef qui l'ajoutait aux produits à usiner durant la semaine.

Les ouvriers n'avaient pas d'échéancier écrit et la production dépendait des pièces coulées disponibles et du nombre de commandes pressées qui survenaient. M. Steen acceptait souvent des commandes urgentes sans tenir compte du travail déjà demandé à l'usine. En réorganisant le travail pour produire les commandes urgentes, les échéanciers n'étaient pas respectés pour les nombreuses autres commandes. Dans un cas particulier, l'assemblage de 150 ajutages fut retardé parce qu'on avait oublié une pièce alors que toutes les autres pièces avaient été fabriquées.

Il y avait toujours beaucoup de travail à faire. Les pièces composantes et les pièces coulées étaient placées par terre près des machines-outils en attendant qu'on s'en serve.

ÉTABLISSEMENT DES PRIX DE REVIENT

M. Steen n'évaluait pas ses prix de revient de façon formelle, mais il se référait aux données qu'il avait conservées de son emploi antérieur. Bien que ces données ne fussent plus courantes, M. Steen rajustait les salaires en conséquence et s'adaptait à l'efficacité des machines qui s'était quelque peu améliorée. Il considérait la coulée comme un travail dispendieux et exigeant beaucoup de temps puisque chaque ouvrier travaillait à un taux différent, et que leur rendement variait selon les jours.

Règle générale, il estimait le prix d'un produit fini à deux fois le coût des matériaux. Lorsque la compétition offrait un produit à meilleur prix que cette estimation, il préférait ne pas fabriquer ce produit. Habituellement, ses prix se situaient juste en deçà des prix de la compétition.

Interrogé par l'auteur à savoir si cette méthode générerait un profit sur tous les produits, M. Steen répondit: "On m'a déjà expliqué d'autres façons d'estimer les prix de revient. Mais toutes ces méthodes exigent du temps et de la paperasserie. Je n'ai pas encore trouvé de méthode plus facile que la mienne. Tout ce que j'ai à faire, c'est connaître le prix que je paie pour le matériel, et tout ce que je facture en sus est du profit puisque tous mes autres coûts sont fixes. Si une pièce coulée me coûte \$10 de la fonderie, et que la vend \$11, je réalise un profit d'un dollar." Après un moment de réflexion, il ajouta: "Cependant, depuis que j'ai embauché les deux derniers employés, je ne pense pas que mes profits sont aussi élevés qu'auparavant."

FINANCES

Le financement de Rebel Fire Apparatus Ltd. provenait d'un prêt bancaire et d'un prêt de la Banque de développement industriel. Le prêt bancaire était remboursable sur demande et était garanti par les débiteurs. Le prêt de la Banque de développement industriel avait imposé des restrictions sur l'expansion de capital et exigeait, entre autres, des états financiers trimestriels.

La croissance de l'entreprise engendrait beaucoup de pression sur le fonds de roulement (Annexe 2). M. Steen avait tenté d'alléger ce problème en offrant un escompte pour les factures payées promptement et en vendant seulement aux distributeurs qui payaient assez tôt. Heureusement, la compagnie travaillait à pleine capacité, ce qui lui permettait de choisir les commandes qu'elle désirait accepter. (L'annexe 5 illustre quelques rapports.)

CONCLUSION

En examinant son exploitation, M. Steen se rendait compte qu'il devrait résoudre certains problèmes immédiatement pour que la compagnie accroisse sa capacité de production. Il ne savait pas quels problèmes étaient prioritaires ni comment les résoudre. Il croyait que tout changement devrait permettre une position flexible qui permettrait à l'entreprise

de satisfaire la demande et de croître. M. Steen disait: "Je veux devenir le seul fabricant d'équipement de protection contre les incendies au Canada," et il était conscient que les décisions qu'il devrait prendre bientôt seraient cruciales pour atteindre cet objectif.

Annexe 1

Rebel Fire Apparatus Ltd.

États des résultats 1967-1969

	Sept mois terminés le <u>31 mai 1967</u>	Exercice terminé le <u>31 mai 1968</u>	Exercice terminé le <u>31 mai 1969</u>
Ventes	\$37 230	\$101 608	\$151 278
Coût des produits vendus	<u>25 979</u>	<u>79 084</u>	<u>119 185</u>
Bénéfices brut	\$11 251	\$ 22 524	\$ 32 093
Frais généraux et administratifs	<u>8 775</u>	<u>17 032</u>	<u>24 165</u>
Bénéfice	2 476	5 492	7 928
Autre revenu		584	765
Projet à la vente d'immobilisations		234	
Bénéfice avant impôt	2 476	6 310	8 693
Impôt sur le revenu	<u>s.o.</u>	<u>1 380</u>	<u>2 011</u>
Bénéfice net	<u>\$ s.o.</u>	<u>\$ 4 930</u>	<u>\$ 6 682</u>

Annexe 2

Rebel Fire Apparatus Ltd.

Sommaire des bilans 1967-1969

	Exercice terminé le <u>31 mai 1967</u>	Exercice terminé le <u>31 mai 1968</u>	Exercice terminé le <u>31 mai 1969</u>
ACTIF			
Actif à court terme:			
Encaisse	\$ 673	\$ 687	\$ 1 437
Débiteurs	4 191	12 650	14 617
Stocks	6 395	5 530	9 305
Assurances payées d'avance	<u>204</u>	<u>426</u>	<u>567</u>
Total de l'actif à court terme	<u>\$11 463</u>	<u>\$19 293</u>	<u>\$25 926</u>
Immobilisations:			
Machinerie et équipement	\$12 756	\$32 185	\$43 169
Moins: amortissement	<u>2 143</u>	<u>9 211</u>	<u>15 645</u>
Net	10 613	23 974	27 524
Frais de constitution		535	535
Achalandage	<u>10 336</u>	<u>10 336</u>	<u>10 336</u>
TOTAL DE L'ACTIF	<u>\$32 412</u>	<u>\$54 138</u>	<u>\$64 321</u>
PASSIF			
Passif à court terme:			
Prêt bancaire	\$ 1 900	\$ 7 000	\$ 6 000
Créditeurs	5 747	7 225	12 671
Impôt à payer	223	697	1 863
Partie à court terme de la dette à long terme		<u>7 179</u>	<u>6 885</u>
Total du passif à court terme	<u>\$ 7 870</u>	<u>\$22 101</u>	<u>\$27 419</u>

Annexe 2 - suite

Passif à long terme:

Banque de développement industriel	\$	\$ 7 600	\$ 6 400
Billet - camion		2 064	885
Billet - sans intérêt	<u>4 542</u>	<u>3 242</u>	<u>2 042</u>
Éléments de passif à long terme	\$ 4 542	\$12 906	\$ 9 327
Moins: partie à court terme	<u> </u>	<u>7 179</u>	<u>6 885</u>
Total des éléments de passif à long terme	\$ 4 542	\$ 5 727	\$ 2 442
Impôt sur le revenu reporté	<u> </u>	<u>1 380</u>	<u>2 848</u>
TOTAL DU PASSIF	<u>\$12 412</u>	<u>\$29 208</u>	<u>\$32 709</u>

AVOIR

Capital-actions émis:

1 900 actions privilégiées	\$19 000	\$19 000	\$19 000
103 actions ordinaires	1 000	1 000	1 000
Bénéfices non répartis	<u> </u>	<u>4 930</u>	<u>11 612</u>
	<u>20 000</u>	<u>24 930</u>	<u>31 612</u>
TOTAL DU PASSIF ET DE L'AVOIR	<u>\$32 412</u>	<u>\$54 138</u>	<u>\$64 321</u>

ANNEXE 3

Rebel Fire Apparatus Ltd.

Achats par client de la compagnie

<u>Achats des clients de Rebel</u>	<u>Nombre de clients</u>
Plus de \$25 000 par an	3
Entre \$15 000 et \$25 000	2
Entre \$5 000 et \$15 000	3
Moins de \$5 000	20

ANNEXE 4

Rebel Fire Apparatus Ltd.

Ventes par produit

	<u>Décembre 1968</u>	<u>Novembre 1969</u>
Ajutages (toutes les tailles)	\$ 6 840,00	\$ 8 756,00
Connexions	3 115,00	4 740,00
Coupleurs de cuivre	2 122,00	4 506,80
Produits divers*	<u>863,00</u>	<u>1,273,20</u>
Total des ventes mensuelles	<u>\$12 940,00</u>	<u>\$19 276,00</u>

* Comprend les produits spéciaux et les commandes sur demande.

ANNEXE 5

Rebel Fire Apparatus Ltd.

Calculs des rapports

	<u>1967*</u>	<u>1968</u>	<u>1969</u>
RENTABILITÉ			
Rendement du capital investi	12,3%	22,0%	23,6%
Bénéfice net en %	-	5,0%	4,4%
Bénéfice brut en %	30,0%	22,0%	21,0%
LIQUIDITÉ			
Rapports actuels	1:4	:87	:9
Fonds de roulement	\$3 593	(\$2 808)	(\$1 493)
Classement des débiteurs	24 jours	45 jours	35 jours
Classement des créditeurs	46 jours	33 jours	38 jours
Classement des stocks	52 jours	25 jours	28 jours
STABILITÉ			
Valeur nette par rapport au total de l'actif	62,0%	46,0%	49,0%
Dette par rapport à l'avoir	17,0%	28,0%	16,0%
CROISSANCE			
Augmentation des ventes		+172,0%	+49,0%
Augmentation du bénéfice		-	+35,0%
Augmentation de l'actif		+67,0%	+18,0%
Augmentation de l'avoir		+25,0%	+27,0%

* 7 mois; 210 jours

58

Rebel Fire Apparatus Ltd.

THE FIRE EQUIPMENT INDUSTRY

The products of the fire equipment industry included fire trucks, hoses, fire extinguishers, sprinkler systems and component parts such as nozzles, valves, siamese¹ and couplings. Firms in this industry usually specialized in a particular line of products (such as trucks) and no firm produced a complete line in any product.

Certain minimum standards must be met by all fire equipment products before they can be placed in public buildings. These requirements ensure that the public will be protected from faulty emergency equipment that could result in unnecessary property damage and personal harm. Recommended standards used in drawing up provisions for the regional fire prevention codes were prepared by several government agencies, national technical societies and trade associations.

Fire prevention codes varied throughout the different regions of Canada. At present, there were over twelve regional screw thread patterns in existence in Canada and although some attempts had been made to standardize threads, a conversion to a single national thread was nearly impossible due to the expense of such a conversion. Companies required a thorough knowledge of regional standards if national distribution of their products was to be achieved.

Because of the large number of different nozzle sizes and the many different regional threads used on them, mass production of fire prevention equipment was nearly impossible. Consequently, each order had to be produced separately. This characteristic of the fire equipment industry explained why several small firms had been able to carve out a niche for themselves in a very competitive situation.

The markets in the fire equipment industry were broken into four major areas—construction, fire equipment, industrial fire protection and special equipment.

The construction segment required basic equipment for installation in new buildings. This equipment must conform to building and fire prevention codes. The major proportion of products was used in hose cabinets which were installed in public buildings at the time of construction. Products included hose racks, valves, hoses, nozzles and extinguishers. Products for this market segment were produced and sold in large quantity compared to products for other market segments. Product design did not vary significantly with the producer. The major problem in the construction segment was to ensure that the right threads were being used on orders that went to various regions of the country. Price was the major consideration when selling these products. Rapid delivery was much less important.

Although fire equipment must be installed when a factory is constructed, additional equipment may be required because of the nature of the business conducted in the factory. The additional equipment falls under the segment termed industrial fire protection. The equipment was more sophisticated than the equipment installed by the contractor. For example, if the company had a computer, carbon dioxide equipment was required at the site. Larger nozzles of more complex design were required in the industrial segment. Due to the limited market and product complexity, prices were higher than in the construction segment.

The fire department market segment required highly sophisticated equipment. Fire

¹Y-shaped outlets used on apartment and commercial buildings for water supply.

departments must have equipment designed for use in fighting many different classes of fires. Also, each piece of equipment must have technical qualities that enable it to perform its function in the best possible manner. The producer of this equipment must be competent in technical product design, have research for new products, and have facilities for testing each piece of equipment sold. Because a fire department cannot afford to be without a piece of equipment for any length of time, delivery was the prime consideration in this market segment. Price was not as important because a fire department expected to pay a premium for the quality set down on its specifications.

Products in the special equipment segment were generally unique ones requiring a large amount of work. They were produced in small numbers and were very expensive. These products came about as a result of the user's needs and designer/producer's skill in meeting those needs. In many cases, the manufacturer worked on the cost-plus basis. (The producer accumulated all costs associated with the job and added a profit margin to this cost figure when the job was completed.)

MANUFACTURING COMPANIES

Most of the firms in the Canadian fire equipment industry were subsidiaries of large American firms. Among the more prominent companies were Elkart, Wilson and Cousins, Fyr-Fyter and Akron. Most of these companies imported partially completed products from parent firms in the United States and finished them in their Canadian plants. Nearly every firm produced products for the construction segment and each specialized in another line in a different segment of the market. The product range in this industry was so broad that even the bigger firms did not produce a complete line.

Product distribution in this industry took place in two ways. Some of the large manufacturers had their own sales force and distribution system although most manufacturers also supplied a separate distributor-warehousing network.

Most distributors handled competing products from many companies. Independent distributors did not like to handle products of companies who sold directly, and went to great lengths to obtain products from the smaller companies who used independent distributors exclusively. In addition, most distributors handled products for the safety equipment industry such as plastic coats, goggles and safety clothing. Prominent national distributors included such companies as Dyer and Miller, Safety Supply, Canadian Electric Box and Stamping Ltd., Wilson and Cousins and National Fire Hose.

FOREIGN COMPETITION

Foreign competition in Canada was limited in most market segments where delivery was important. Canadian buyers purchased few foreign products because of the difficulty in getting repair parts from the foreign manufacturers. However, Canadian distributors did buy some items from American manufacturers. These items consisted of certain replacement parts which Canadian manufacturers had stopped making and certain specialty items which were either not produced in Canada or cost three or four times as much to purchase in Canada.

FUTURE OF THE FIRE EQUIPMENT INDUSTRY

The fire department, special equipment and industrial protection segments had grown in proportion to the overall population increase. Equipment in these segments had become more sophisticated as demands became more complex.

Growth in the construction segment depended on economic conditions. It followed the cyclical patterns of the construction industry and in the long run increased as the demand for housing increased.

As far as new products were concerned, a trend toward the use of plastics was growing. Many of the initial problems confronted by plastic manufacturers had been remedied and major companies such as Wilson and Cousins and Akron had begun to sell plastic nozzles. As the cost of brass continued to increase, plastic probably would occupy an even greater portion of the market.

THE COMPANY – REBEL FIRE APPARATUS LTD.

Rebel Fire Apparatus was a Hamilton-based manufacturer of brass components employed in fire fighting equipment. Its product line, which was continually expanding, included nozzles, valves, siamese and adapters. The company machined and assembled a limited line of fire equipment apparatus and sold it through distributors nationwide as well as in regions of the United States.

Don Steen, the owner of the company, had worked for eighteen years with Wilson and Cousins, producers of a wide line of fire fighting apparatus. In 1966, at the age of thirty-eight, Mr. Steen decided to resign from his job as plant manager and establish his own company. With virtually no general management experience but with an excellent knowledge of the products and the industry, Mr. Steen personally began to machine and sell fog nozzles to a number of fire equipment dealers.

Mr. Steen had an aptitude for improving old products and designing new ones. Because his products were of high quality, advanced design and competitively priced, Mr. Steen's reputation as a manufacturer grew. Sales rose steadily (Exhibit 1) from \$50 000 in 1967, the first full year of operation, to a projected \$300 000 in 1970. Mr. Steen predicted that the present sales level would double within three years. (The company's balance sheets for 1967-69 are presented in Exhibit 2.)

With orders constantly increasing, few problems existed in obtaining higher sales but Mr. Steen became alarmed at the backlog of orders. Fewer deadlines were being met each week. Mr. Steen felt the company was getting too large for him personally to continue supervising each area. The problem of preparing Rebel Fire Apparatus for future growth needed attention but Mr. Steen had less and less time to think about it.

MARKETING

Rebel competed mostly in the construction segment of the fire apparatus market. By promising fast delivery and underselling the competition by 10 per cent Rebel had been able to gain a large portion of the market. In addition, Mr. Steen felt his personal contact with distributors had been a big reason for repeat business.

Rebel used independent distributors exclusively to market its products. It did not sell directly to jobbers or employ any salesmen of its own. As a result, Rebel's distributors had been very loyal. Rebel had a limited number of customers and in 1969 five major purchasers accounted for almost 75 per cent of Rebel sales (Exhibit 3).

PRODUCTS

The three main products produced by Rebel were fog nozzles, siamese and adapters. A comparative analysis of sales by product for the months of December 1968 and November 1969 is given in Exhibit 4.

Nozzles used in fire fighting are similar to the common garden hose nozzle except that they can be subjected to very high water pressures. Prices range from ten dollars per unit for a small basic nozzle to five hundred dollars per unit for more sophisticated nozzles. The company's major line was the 2.5 cm nozzle. Mr. Steen estimated that he held a 50 per cent share of an 18 000-unit total market for this size nozzle.

Siamese are Y-shaped fire hydrants attached to the outside of buildings. The annual total market for siamese was approximately 65 000 a year, of which Rebel held approximately 80 per cent.

Adapters are brass couplings which enable two pieces of equipment with different thread sizes to be joined. Mr. Steen estimated the market to be 40 000 annually and noted that Rebel sold almost 60 per cent of Canadian needs.

FOUNDRY

Initially, Rebel purchased all its castings from an outside foundry, but due to slow delivery and poor service the arrangement was not successful. In September 1968, Mr. Steen acquired the bankrupt Jeffery Foundry with a loss to carry forward of \$29 000² which could be applied to the profits of the company over the next five years. Mr. Steen retained 100 per cent ownership of the foundry himself and it remained a separate legal entity from Rebel Fire Apparatus.

Rebel purchased the materials needed for the foundry; Jeffery Foundry then formed castings from the material owned by Rebel and charged \$1.20 per kilogram for the service. This transfer price (somewhat above the market price for casting services) allowed the foundry to generate a profit to be used against the \$29 000-loss carry forward and still left Rebel competitive in its product pricing. The capacity of the foundry was approximately 8200/kg of castings per month although it was at present producing only 5500 kg per month. Mr. Steen felt the capacity of the foundry could be doubled if an additional man was hired and equipment costing approximately \$4000 was purchased.

The foundry cast only for Rebel and did not accept outside orders. Mr. Steen felt he had enough to do without having to handle potential foundry sales to outside companies. The former owners continued to manage it. Mr. Steen had very little contact with the foundry except for the few minutes each morning when he picked up the day's castings for the machine shop. There were no time clocks, expense reports or budgets used in the foundry. As long as it produced the castings needed for the machine shop, Mr. Steen raised few questions.

PERSONNEL

When Mr. Steen started his company, he persuaded six experienced employees to join him at Rebel. As an incentive, Mr. Steen gave each of these six men a financial interest in the company. As a result, the workers were a very task-oriented group whose goal was building a new company. It was not uncommon for the men to work overtime at regular rates if there was a large backlog of orders to be completed. Payments for overtime were figured into the Christmas bonus that each man received.

There was no formal organization chart in the company but Bill Turner, who looked after expediting and shipping, assumed responsibility for the shop when Mr. Steen was

²Under the tax laws, a loss suffered by a company in any year could be used to offset an equal amount of profit generated by that company within a five-year period following the loss. By taking advantage of this loss carry forward, a company paid lower taxes than it otherwise would.

absent. At one time, Mr. Steen had been ill for two weeks and Bill managed the company excellently. Remal Biggs was considered the head machinist, and he had little trouble supervising the other machinists and training new help. Remal had a thorough knowledge of all the company products and knew exactly how much time was required to machine each item.

COMPETITION

Rebel's two largest competitors were Wilson and Cousins, a subsidiary of Purex, and Coulter Brass. Wilson and Cousins was a very large company with substantial financial resources. It offered a very wide range of products and had its own distributors which sold only Wilson and Cousins's products. It accounted for about \$200 000 of sales in the fire apparatus market and this represented only 12 per cent of Wilson and Cousins's total yearly sales. The remaining products sold were purchased from outside suppliers. As this company placed more emphasis on becoming a distributor, Mr. Steen felt that his company had a good chance of becoming a supplier of the brass components needed by Wilson and Cousins.

Coulter Brass was the other major competitor for Rebel. Coulter Brass's sales were smaller than Rebel's and since they were having problems meeting the prices offered by other companies their sales were expected to decrease in the future.

Akron Manufacturing, an American firm, had a subsidiary operation in Aylmer, Ontario. They produced mostly for the fire department segment of the market and as such were only limited competitors of Rebel. This market segment required high quality and technical expertise on the part of competing firms. Akron had a highly regarded research and development department as well as a staff of trained engineers. Mr. Steen felt, however, that the fire department segment offered some opportunities that could be serviced profitably by Rebel.

ORDER PROCESS

The majority of orders were received by phone from the distributor, who preferred to speak to Mr. Steen personally. Usually Mr. Steen quoted a price when the order was phoned in but if it was a custom job he called the customer back within a few hours once he had determined a price. For most orders, a customer was promised delivery in a week or ten days although Mr. Steen realized he might not be able to meet it.

A phone order was first recorded on any scrap piece of paper that happened to be lying near the phone and then placed in a file folder. Customers usually followed up a phone order with a letter or purchase order and upon receipt of the confirmation, the piece of paper was removed from the file and replaced by the order itself. These orders were batched together and constituted a file of back orders.

When the castings were available from the foundry, Bill Turner checked the back order file and made a list of all the parts that had to be machined before the order could be completed. This information was verbally relayed to the head machinist, who added it to the products that had to be machined during the rest of the week.

There were no written schedules used by the machinists and output was dependent upon what castings were available and the number of rush orders that popped up. Often Mr. Steen took a rush order without considering what work was already in the plant at the time. Shuffling jobs to accommodate rush orders had resulted in missed delivery dates for the remaining backlog of orders. On one occasion, the assembly of 150 fog nozzles was

held up because one part had been forgotten although all the other parts were completed.

At all times, there was a considerable amount of work in process. Components and castings waiting for further work were stacked on the floor in the vicinity of the machines.

COSTING

Very little costing was done by Mr. Steen but he sometimes referred to costing data salvaged from his previous employer. Although these data were outdated, Mr. Steen adjusted for increases due to higher wages and slightly better machine efficiency. He considered casting a time-consuming and expensive undertaking since every machinist worked at a different rate, and each "performed according to how he felt on any particular day."

As a rule of thumb, he established the cost of a finished product at twice the material cost. If his competitors sold below this estimate cost, he often chose not to manufacture the product. Normally his price was slightly below his competitors'.

When asked by the casewriter whether this method would yield a profit for all product lines, Mr. Steen replied, "Some people have told me ways of determining costs and profits. They all involve too much paperwork and time. I have yet to hear a method which is easier than mine. All I have to do is figure the cost I pay for materials and anything above that is profit because all my overhead and wages are fixed. If I pay \$10 for a casting from the foundry, I can sell it for \$11 and make a dollar profit." After a moment's pause, he added, "Although since I hired the last couple of employees, I don't think my profits have been as high as they were."

FINANCE

The majority of funds for Rebel Fire Apparatus Ltd. came from a bank loan and a loan from the Industrial Development Bank (I.D.B.). The bank loan was callable and was secured by assignment of accounts receivable. The I.D.B. had imposed restrictions on further capital expansion and required, among other things, that quarterly statements be submitted to them.

The growth increase had placed continual pressure on the company's working capital position (Exhibit 2). Mr. Steen had tried to combat this problem by offering a discount for prompt payment and selling only to relatively quick-paying distributors. Fortunately, the company had been operating at capacity, which permitted Rebel to be somewhat selective in the orders it accepted. (Exhibit 5 presents some selected ratios.)

CONCLUSION

As Mr. Steen reviewed his operation, he knew that there were problems needing immediate attention if the company were to develop its full potential. He was unsure about which problems should receive priority and what could be done to alleviate them. He felt any changes should leave the organization in a flexible position to meet changing demands and greater future growth. Mr. Steen stated, "I want to be the only manufacturer of fire equipment in Canada," and he was aware that some of the decisions he was going to make shortly would play an important role in deciding whether he would meet this objective.

Exhibit 1
Rebel Fire Apparatus Ltd.
Income Statements 1967-1969

	Seven Months May 31, 1967	Year Ended May 31, 1968	Year Ended May 31, 1969
Sales	\$37 230	\$101 608	\$151 278
Cost of goods sold	25 979	79 084	119 185
Gross profit	\$11 251	\$ 22 524	\$ 32 093
General and adminis- tration expenses	8 775	17 032	24 165
Profit	\$ 2 476	\$ 5 492	\$ 7 928
Other income		584	765
Profit on sale of fixed assets	-	234	
Income before tax	2 476	6 310	8 693
Income tax	NA	1 380	2 011
Net income	\$ NA	\$ 4 930	\$ 6 682

Exhibit 2
Rebel Fire Apparatus Ltd.
Summary of Balance Sheets 1967-1969

	Year Ending May 31, 1967	Year Ending May 31, 1968	Year Ending May 31, 1969
ASSETS			
Current assets			
Cash	\$ 673	\$ 687	\$ 1 437
Accounts receivable	4 191	12 650	14 617
Inventory	6 395	5 530	9 305
Prepaid insurance	204	426	567
Total current assets	<u>\$11 463</u>	<u>\$19 293</u>	<u>\$25 926</u>
Fixed assets:			
Machinery and equipment	\$12 756	\$32 185	\$43 169
Less: depreciation	<u>2 143</u>	<u>8 211</u>	<u>15 845</u>
Net	10 613	23 974	27 524
Incorporation expense		535	535
Goodwill	<u>10 336</u>	<u>10 336</u>	<u>10 336</u>
TOTAL ASSETS	<u><u>\$32 412</u></u>	<u><u>\$54 138</u></u>	<u><u>\$64 321</u></u>
LIABILITIES			
Current liabilities:			
Bank loan	\$ 1 900	\$ 7 000	\$ 6 000
Accounts payable	5 747	7 225	12 671
Tax payable	223	697	1 863
Current portion L.T.D.		7 179	6 885
Total current liabilities	<u>\$ 7 870</u>	<u>\$22 101</u>	<u>\$27 419</u>
Long-term liabilities			
I.D.B.		\$ 7 600	\$ 6 400
Note—truck		2 064	885
Note—non-interest	4 542	3 242	2 042
Long-term liabilities	<u>\$ 4 542</u>	<u>\$12 906</u>	<u>\$ 9 327</u>
Less: current portion		7 179	6 885
Total long-term liabilities	4 542	5 727	2 442
Deferred income tax		<u>1 380</u>	<u>2 848</u>
TOTAL LIABILITIES	<u><u>\$12 412</u></u>	<u><u>\$29 208</u></u>	<u><u>\$32 709</u></u>
EQUITY			
Capital stock issued:			
1 900 preference shares	\$19 000	\$19 000	\$19 000
103 common shares	1 000	1 000	1 000
Retained earnings		4 930	11 612
	<u>20 000</u>	<u>24 930</u>	<u>31 612</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$32 412</u></u>	<u><u>\$54 138</u></u>	<u><u>\$64 321</u></u>

Exhibit 3
Rebel Fire Apparatus Ltd.
Rebel Customer Purchases

<u>Rebel Customers Purchasing</u>	<u>Number of Customers</u>
More than \$25 000 annually	3
Between \$15 000-\$25 000	2
Between \$5 000-\$15 000	3
Under \$5 000	20

Exhibit 4
Rebel Fire Apparatus Ltd.
Sales by Product

	<u>December 1968</u>	<u>November 1969</u>
Fog nozzles (all sizes)	\$ 6 840 00	\$ 8 756.00
Siamese	3 115.00	4 740.00
Brass couplings	2 122.00	4 506.80
Miscellaneous products ¹	863.00	1 273.20
Total monthly sales	<u>\$12 940.00</u>	<u>\$19 276.00</u>

¹Includes some special products and custom orders

Exhibit 5
Rebel Fire Apparatus Ltd.
Ratio Calculations

	<u>1967¹</u>	<u>1968</u>	<u>1969</u>
PROFITABILITY			
Return on investment (R.O.I.)	12.3%	22%	23.6%
Net profit %	—	5%	4.4%
Gross profit %	30 %	22%	21 %
LIQUIDITY			
Current ratio	1.4	.87	.9
Working capital	\$3 593	(\$2 808)	(\$1 493)
Age of receivables	24 days	45 days	35 days
Age of payables	46 days	33 days	38 days
Age of inventory	52 days	25 days	28 days
STABILITY			
Net worth to total assets	62%	46%	49%
Debt to equity	17%	28%	16%
GROWTH			
Sales growth		+172%	+49%
Profit growth		—	+35%
Asset growth		+67%	+18%
Equity growth		+25%	+27%

¹7 months, used 210 days

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LES USINES DE PAPIER MAYFLOWER

John Curtis s'inquiétait de la vitesse d'introduction des innovations techniques dans les trois usines de papier où il était directeur général. Les usines avaient leur propre personnel technique, mais pour les mises au point à long terme et pour le travail plus sophistiqué, il y avait, au sein de la compagnie Mayflower, un petit service des Recherches, partagé par les trois usines sous la direction de Curtis, et par les quatre usines de la Côte Est. «Je ne suis pas tout à fait sûr,» disait-il, «que nous ayons trouvé la meilleure formule pour organiser les travaux de recherches et de mise au point pour les usines. Le service des Recherches semble travailler d'une manière satisfaisante avec la plupart des usines, mais il n'y a vraiment aucune coopération avec l'usine de Quinault. En fait, le directeur de l'usine de Quinault pense que la recherche est inutile et je n'arrive pas, pour le moment, à le persuader de collaborer avec eux alors que son usine est la plus rentable du groupe.» (Voir annexes 1 et 2.)

Curtis ajoutait toutefois que, même si l'usine de Quinault travaillait à pleine capacité, les feuilles de papier journal produites là-bas, étaient seulement de qualité moyenne. La qualité du papier produit dépend de plusieurs variables: la longueur de la fibre, la consistance de la pâte, la vitesse de la machine, la température et l'alimentation en eau. La manipulation de ces variables détermine le poids, la finition, l'épaisseur, la souplesse et l'humidité du produit fini. Autrefois, la qualité du papier produit dépendait entièrement du savoir-faire et de l'expérience des opérateurs de machine qui devaient agir sur ces différentes variables. Cette dépendance du facteur humain, quoique encore importante, diminue toutefois, au fur et à mesure que les connaissances scientifiques de ces facteurs, influençant la qualité, augmentent.

Curtis était surtout inquiet du manque de collaboration entre l'usine de Quinault et le service des Recherches. «Il y a vraiment une bataille ouverte entre le directeur de l'usine de Quinault, Tom Moe, et le directeur des Recherches, Bob MacCaulay», disait-il,

Ce cas a été préparé par Neil Millward, étudiant invité, à Harvard Business School, sous la direction du professeur associé Jay W. Lorsch. Il a été écrit pour servir de base de discussion à la classe plutôt que pour illustrer l'efficacité ou l'inefficacité dans la résolution d'une situation administrative.

«et quoique je pense que cette situation puisse avoir des effets à long terme sur notre exploitation, je ne sais pas comment résoudre ce problème. Je pense que les frictions entre le service des Recherches et l'usine de Quinault ont déjà eu des effets négatifs sur l'innovation technique à l'usine de Quinault, mais je ne peux pas dire s'ils ont été vraiment significatifs. Nous aurions certainement quelque chose à gagner si le service des Recherches pouvait avoir davantage accès à Quinault, mais tout ce que nous voudrions que le service des Recherches regarde a déjà été résolu par le personnel technique de l'usine.»

La compagnie Mayflower

Les trois usines qui dépendent de John Curtis font partie d'un grand «conglomérat», très diversifié avec un chiffre de ventes de plus d'un milliard de dollars, en 1968. Le siège social de la compagnie Mayflower est situé à Portland, dans le Maine. Les usines font partie du secteur d'activité de la compagnie appelé les papiers destinés aux communications et contribuaient pour 130 000 000 \$ en chiffre de ventes et 13% des bénéfices de la compagnie, en 1968.

... Les usines de papier Mayflower avaient produit 476 000 tonnes de papiers destinés aux communications, au cours de 1968, dans sept usines ... Les deux usines de Quinault et de Vancouver fonctionnaient à pleine capacité malgré le plafonnement général de la demande de papier journal aux États-Unis, pour la période 1967-1968. Le papier journal compte juste pour la moitié de la production des papiers destinés aux communications de Mayflower, et constitue le plus grand tonnage en papier simple produit par la compagnie.

Parmi les sept usines du groupe de papiers destinés aux communications, les trois usines de la Côte Ouest, ont été, à l'origine, la propriété des pâtes et papiers Washtenaw, soit directement, soit par le truchement d'une filiale, propriété canadienne à 100%. La compagnie de pâtes et papiers avait été acquise par Mayflower en décembre 1964. Son actif se composait de trois usines de papier, une à Port Angeles, Washington; une juste de l'autre côté du détroit à Vancouver, Colombie-Britannique; et la troisième, à 150 milles au nord de Quinault, en Colombie-Britannique; le service des Recherches était à Port Angeles. Les quatre usines originales de Mayflower étaient situées sur la Côte Est.

Parmi les compagnies de papier aux États-Unis, Mayflower se classait dans la moyenne pour l'introduction de nouveaux produits; comparativement aux autres compagnies ayant un volume de vente égal, Mayflower était au-dessus de la moyenne. Curtis pensait que ceci était dû au fait que les gestionnaires de la compagnie, qui avait maintenant dix ans, se préoccupaient davantage des bénéfices actuels que des bénéfices futurs qui auraient pu être générés par des investissements dans la recherche.

Curtis avait été directeur d'une des compagnies de Mayflower, sur la Côte Est, avant de devenir directeur général des trois usines de l'Ouest. Il avait toujours travaillé dans l'industrie depuis qu'il avait obtenu son diplôme en technologie des pâtes et papiers, sauf pendant deux années, passées dans l'armée américaine. Il avait suivi le programme de perfectionnement des cadres à Harvard, six mois après avoir été nommé directeur général des usines de l'Ouest, en 1967. Curtis affirmait qu'un directeur d'usine n'a pas besoin d'avoir un haut degré de connaissances techniques dans la fabrication du papier, mais qu'il est essentiel d'avoir de l'expérience dans l'industrie.

Après l'acquisition, les laboratoires de recherches de Port Angeles ont commencé à servir les sept usines de papier de Mayflower; le directeur des Recherches relevait du vice-président de fabrication du papier. En janvier 1969, le directeur des Recherches était Bob MacCaulay. Après avoir obtenu un doctorat en génie chimique, MacCaulay avait commencé à travailler au laboratoire de recherches de l'usine de pâtes et papiers Washtenaw, puis était devenu directeur du laboratoire. L'année qui avait suivi l'acquisition par Mayflower, il avait été nommé directeur des Recherches pour l'ensemble du groupe du papier.

Tom Moe, directeur de l'usine de Quinault, avait travaillé dans l'industrie du papier depuis qu'il avait eu son diplôme d'ingénieur chimiste en 1946. Plus tôt dans sa carrière, il avait travaillé en Alberta, dans une usine de papier journal, et avait progressé régulièrement jusqu'à ce qu'il devienne directeur technique de l'usine. Quand des frictions personnelles avec des fabricants de machines dans l'usine l'avaient amené à démissionner, il se joignit à une autre entreprise de production de papier, comme surintendant et devint responsable du lancement de deux nouvelles machines à papier. Plus tard, quand une autre compagnie, en Colombie-Britannique, acquit les services d'un homme expérimenté pour transformer une machine à papier, il fut recruté comme surintendant général de l'usine, puis devint ensuite directeur. Peu de temps après, le problème d'envoyer ses enfants à l'école, alors qu'il habitait une région éloignée, l'incita à chercher un nouveau poste. Il fut nommé surintendant général de l'usine de Mayflower, à Vancouver, en décembre 1964. En un an, il fut promu directeur de l'usine, puis, en juin 1967, directeur de l'autre usine de papier de la compagnie au Canada, à Quinault, Colombie-Britannique.

Tom Moe était devenu surintendant général de l'usine de Vancouver lors de la fusion des pâtes et papiers Washtenaw avec Mayflower (1). Bob MacCaulay se souvient qu'il travaillait sur un problème avec un filtre à pâte à Vancouver au moment où Moe avait été nommé. Un petit comité, composé de personnel technique et de production, discutait du problème du filtre et la question surgit à savoir si l'on devait inviter Tom Moe à la réunion. MacCaulay dit qu'il pensait que le nouveau surintendant devait être trop occupé à s'adapter à son nouveau poste et on n'invita donc pas Moe. MacCaulay se souvient que lorsque Moe l'a appris, il n'a pas apprécié du tout et a même conservé de la rancune à son égard depuis ce temps.

Organisation du groupe du papier

L'annexe 1 montre la situation officielle des deux hommes dans l'organigramme du groupe du papier. L'organisation du groupe du papier, à Mayflower, qui comprend les sept usines et un certain nombre de services, est assez complexe car elle comporte différents lieux géographiques, différents produits, différentes nationalités, diverses technologies et diverses dates d'acquisition. En termes financiers, les usines de papier ont été considérées comme des centres de profits alors que les différents services, comme les ventes, les recherches et le génie, sont considérés comme des centres de coûts à l'intérieur du groupe. Les deux services, Recherches et Génie central, reçoivent des allocations du vice-président de la fabrication du papier. Les fonds peuvent également être transférés à partir d'une usine particulière vers ces deux services si les projets entrepris le sont spécifiquement pour cette usine. Par exemple, le service du Génie central a fait les plans et les soumissions pour la reconstruction de la machine de papier de Quinault et le coût de cette activité a été imputé à l'usine. De même, quand un directeur d'usine demande que quelqu'un du service des Recherches fasse une étude spécifique pour son usine, le temps passé par le service des Recherches est facturé à l'usine. Le temps total du personnel de recherches disponible peut être utilisé de cette manière, jusqu'à une limite de 25%, mais cette limite n'a jamais été atteinte.

1) Le surintendant général est responsable de l'exploitation quotidienne des services de fabrication de l'usine et relève du directeur de l'usine.

Le service des Recherches de Port Angeles était petit, et disposait d'un actif d'environ 600 000 \$ au coût de remplacement. Outre Bob MacCaulay, le directeur, il y avait neuf ingénieurs ou chimistes professionnels, incluant quatre docteurs, une douzaine de techniciens, plus le personnel de soutien. Au contraire, chacune des sept usines représentait un investissement moyen de 20 000 000 \$ et chacune employait de 400 à 800 personnes. En 1969, le budget net des ventes pour les sept usines était de 160 000 000 \$, tandis que le budget de dépenses du service des Recherches était de 360 000 \$.

Au début de 1969, il y avait 16 projets sur lesquels le personnel des Recherches se penchait. Parmi ceux-ci, six pouvaient s'appliquer aux sept usines de papier, les quatre autres s'appliquant à une usine seulement. Certains des projets les plus importants concernaient l'accroissement du rendement de la pâte, des explorations générales sur les caractéristiques chimiques et physiques de la pâte provenant de différentes espèces de bois, l'élaboration de certains finis, nouveaux ou améliorés et l'amélioration des procédés d'essai pour de nouvelles catégories de papier. Bob MacCaulay décrivait ainsi la nature de certains projets:

«La plupart du travail que nous faisons maintenant est plutôt à court terme et ne suppose pas de risques réels. Nous ne faisons pas vraiment de nouvelles mises au point. La direction de la compagnie de pâtes et papiers Washtenaw avait une vue à plus long terme et plusieurs produits complètement nouveaux avaient été élaborés par leur service des Recherches. La direction de Mayflower a une vue à beaucoup plus court terme et même si tout semble bien aller pour le moment, je crois que nous pourrions souffrir à long terme de quelques décisions qui n'ont pas été prises maintenant. Par exemple, l'année dernière nous avons annulé notre participation au centre de recherche canadien de l'Institut des papiers chimiques à cause du coût élevé de la cotisation.»

On avait demandé aux directeurs des usines de papier qui utilisaient le service des Recherches quel était leur avis sur le rendement de ce service. Tom Jacobs, directeur de l'usine de papier de Vancouver, disait:

«Les gens des usines de l'Est ont une mauvaise opinion de la recherche, mais ici, dans mon usine, nous les trouvons très bien. Le fait d'imputer le temps de recherche à chaque usine en particulier ne nous empêche pas de les utiliser selon nos besoins.»

Le directeur de l'usine de Port Angeles, Ralph Jones, disait:

«Nous travaillons sur trois ou quatre nouvelles catégories de papier avec eux. Nous faisons beaucoup de travail avec le service des Recherches; en fait, ils m'envoient une facture chaque mois.»

MacCaulay expliquait ainsi pourquoi certaines usines de papier faisaient davantage appel au service des Recherches que d'autres:

«Nous travaillons ici pour les trois usines qui appartenaient à l'ancienne organisation. Jusqu'à présent nous avons peu travaillé avec les usines de la Côte Est à cause de la distance, mais nos relations avec elles sont cordiales et nos contrats semblent même augmenter maintenant. Ralph Jones, directeur de l'usine de Port Angeles, nous rend fous en nous demandant de faire toutes sortes d'études et nous travaillons aussi pas mal avec l'usine de Vancouver. Mais les gens de Quinault préfèrent se débrouiller tout seuls. Ils ont l'impression que les gens des Recherches veulent les espionner. Nous travaillions bien avec les gens de Quinault quand Ralph Jones était directeur là-bas, mais depuis l'arrivée de Tom Moe nous ne faisons plus rien.»

Tom Moe explique pourquoi:

«Mon travail, comme directeur sur place à Quinault est de faire fonctionner l'usine, à l'intérieur des objectifs budgétaires et de buts fixés par la haute direction, comme centre de profit autonome. Je vois mon rôle comme celui d'un chef d'équipe et je cherche à perfectionner mon personnel ici, de manière à ce que l'usine puisse être autosuffisante. Si nous n'avons pas assez de personnel ou si nous n'avons pas les gens qui ont les connaissances techniques particulières pour faire un certain travail, nous allons les chercher à l'extérieur: par exemple, nous pouvons faire appel au service du Génie central ou à des conseillers extérieurs. La tendance maintenant, dans la compagnie, est de dire qu'on devrait donner la préférence au service du Génie central sur les conseillers extérieurs car nous avons nos propres spécialistes au sein de la compagnie. Personnellement, j'essaie que mon personnel interne ici fasse la plus grande

partie possible du travail, de manière à apprendre par l'expérience et à créer une équipe d'experts techniques. De toute manière, le concept qui s'applique à l'utilisation du service du Génie central devrait s'appliquer de la même manière aux Recherches. Ainsi, si nous avons un travail à faire ici et que nous n'ayons pas l'expert pour le faire, je pourrais aller au service des Recherches et leur demander de nous aider; mais ils n'aiment pas travailler de cette manière. Avant l'acquisition de Washtenaw par Mayflower, plusieurs projets ont été menés sans consulter les usines et ils ont ainsi pris l'habitude de faire des choses que les usines ne leur ont jamais demandées. J'ai l'impression que les gens des Recherches voudraient faire fonctionner l'usine sur le plan technique, mais sans en accepter la responsabilité.

J'essaie de réaliser un équilibre entre la technique et la pratique avec les surintendants et le personnel technique de l'usine. Les surintendants de l'usine ne devraient pas définir les problèmes de recherche car personne ne peut avoir deux maîtres. Comment un surintendant qui ferait des tests pour la recherche pourrait-il faire fonctionner les machines de la manière la plus efficace pour le bon fonctionnement de l'usine?

Je n'ai jamais rien demandé au personnel du service des Recherches depuis que je suis ici. Toutefois, j'ai beaucoup de questions relatives à la recherche forgées par nos fournisseurs; par exemple, nous avons obtenu des produits chimiques de Dow qui nous ont aidé à améliorer notre utilisation et nos réclamations sur les produits chimiques de la pâte. Pour d'autres problèmes, je parle avec mes relations dans les autres usines de papier à travers le pays. Je connais beaucoup de monde au Canada, par l'entremise des associations de l'industrie et je vais à des colloques; j'ai aussi travaillé pour différentes compagnies. Nous essayons tous de nous aider mutuellement, autant que nous pouvons.

Le service des Recherches ici est beaucoup trop petit pour pouvoir nous être d'une utilité quelconque. Les gens des Recherches travaillent de 8 à 4 et c'est bien peu comparativement aux techniciens, ici à l'usine. Je crois que les gens des Recherches travaillent juste pour justifier leurs emplois.»

Les mauvaises relations entre Bob et Tom, ainsi qu'entre leurs subordonnés respectifs, étaient bien connues de toute l'organisation. Le directeur du traitement des données racontait ce qui était arrivé quand il travaillait lui-même avec les deux.

«Nous mettions sur pied un nouveau système de contrôle pour le papier journal qui était expédié de Quinault à un des grands quotidiens de Californie: Bob participait parce que le service des Recherches rassemble des données sur la qualité du papier produit par chaque usine de manière à établir des essais statistiques standard et tenir à jour des procédés d'essais standardisés. Quand Bob a fait une suggestion, Tom lui a dit d'arrêter de lui dire comment diriger son usine. Un des problèmes est que Tom s'arrête beaucoup trop sur toutes sortes de petits détails. Lorsque nous mettions ce système en place, nous ne pouvions organiser aucune réunion sans que Tom soit là. C'est un bonhomme qui travaille très fort, mais il supervise beaucoup trop. Par exemple, nous avons eu un petit problème avec les cartes de données qui revenaient sans mentionner le numéro exact du rouleau de papier. Tom a insisté pour descendre et voir le client lui-même afin de résoudre le problème. Je ne crois pas que ce soit au directeur de l'usine d'aller lui-même régler ce genre de problème - ce sont des détails.

C'est drôle mais Ralph Jones veut aussi beaucoup trop se mêler aux détails et ce sont tous les deux des Canadiens. Peut-être que c'est une des différences entre les gestionnaires américains et les gestionnaires canadiens?»

Différentes personnes dans l'organisation ont donné différentes explications pour expliquer le conflit entre le service des Recherches et Quinault. Outre le problème de nationalité, une des explications les plus répandues s'appuie sur le fait que l'usine de Quinault est très loin géographiquement de Port Angeles. Le service des Recherches, l'usine de papier de Port Angeles et l'usine de Vancouver sont toutes à une distance de marche les unes des autres alors que Quinault est à 150 milles de Vancouver et, parfois, par mauvais temps, il est impossible d'aller d'un endroit à l'autre. Le personnel de direction fait souvent le voyage dans le petit avion de la compagnie, mais il arrive souvent que celui-ci ne puisse décoller à cause des mauvaises conditions météorologiques. Pour illustrer ceci, en janvier 1969,

ce n'est qu'après quatre jours d'attente à Port Angeles que la personne chargée d'écrire ce cas a pu être déposée à Quinault. Ces contraintes, bien sûr, touchent également les plans de voyage du personnel de la haute direction de Mayflower de sorte que leurs visites à l'usine de Quinault sont extrêmement rares. Par contre, on peut accéder à Port Angeles et à Vancouver par les lignes aériennes régulières.

L'usine de Quinault diffère encore des autres usines de l'Ouest par d'autres aspects. Ses trois machines de production rapide de papier ont été transférées à la production continue de papier journal. Une des trois machines, à l'usine de Vancouver, fait du papier journal à 40% de son temps et le reste est utilisé à la fabrication de papiers spéciaux(1). Autre différence, tout au moins pendant l'exercice financier 1968, Quinault a été l'usine la plus rentable de tout le groupe. En fait, certains des directeurs du groupe disent même que Quinault «imprime de l'argent.»

Bob MacCaulay dit ceci:

«À cause du système de bonis annuels, qui est fondé sur le bénéfice par action de toute la compagnie, il est de mon intérêt que l'usine de Quinault fasse encore plus d'argent et il en va de même pour toutes les usines. Le problème c'est justement qu'elles font de l'argent, donc si vous essayez de changer quelque chose, elles pensent que vous marchez sur leurs plates-bandes.»

La rivalité entre le service des Recherches et l'usine de Quinault ne se limitait pas aux deux seuls directeurs. Le directeur technique de l'usine de Quinault décrit comment il a eu à traiter certains problèmes.

«Mon service participe à tous les aspects techniques du fonctionnement de l'usine. Ceci comprend la production, l'expédition, le contrôle de la qualité, les essais et même les statistiques relatives à l'approvisionnement de bois à pâte. Nous pensons que nous sommes techniquement autosuffisants ici. S'il y a un problème qui sort de notre compétence, nous

1) Les papiers spéciaux sont des papiers qui subissent une transformation plus poussée par le client avant d'arriver au produit fini.

avertissons le directeur de l'usine qui décide comment le résoudre. Le problème avec le service des Recherches, c'est qu'ils pensent que toute l'usine devrait être à leur disposition pour qu'ils puissent faire leurs enquêtes. Nous avons eu quelques difficultés récemment avec eux à propos de l'amélioration de la sélection. Nous pensions que nous avions toute l'expertise pour résoudre le problème, eux pensaient avoir davantage de données disponibles pour servir de base à une décision. Bon, de toute manière, nous avons fait le travail et nous avons réussi à améliorer le procédé. Les Recherches ne devraient pas se mêler des problèmes internes de l'usine, elles devraient plutôt élaborer de nouveaux procédés et de nouveaux produits. La recherche devrait être techniquement beaucoup plus en avance que l'usine. Le problème est qu'ils n'ont pas assez de ressources pour élaborer de nouveaux produits.»

Un jeune chimiste qui a environ trois ans d'expérience à l'usine de Quinault dit:

«Quand j'ai travaillé ici pour la première fois, comme étudiant, en été, il y avait des gens des Recherches qui travaillaient là tout le temps. J'ai travaillé avec certains d'entre eux à l'époque parfois, mais ils ne m'ont jamais vraiment appris quelque chose de nouveau. Depuis que je travaille ici à temps complet, c'est-à-dire depuis deux ans environ, l'usine est devenue beaucoup plus autosuffisante sur le plan technique. Si nous avons des problèmes, nous en parlons généralement avec des personnes que nous connaissons dans les autres usines, pour savoir comment eux ont résolu ce problème. L'industrie des pâtes et papiers est vraiment une industrie où l'on s'entraide.»

Une remarque typique du point de vue des ingénieurs et chimistes professionnels du service des Recherches:

«Nous rencontrons vraiment une collaboration extraordinaire de la part des gens d'ici, à l'usine de Port Angeles, mais si nous allons à Quinault nous avons l'impression qu'on ne veut pas de nous. Tom Moe a une certaine expérience technique et il a l'impression

qu'il sait tout. Quand ils ont eu leur nouveau directeur technique, il était très bien, mais maintenant il est exactement comme les autres. Nous avons une bien meilleure collaboration de la part des usines de la Côte Est que de Quinault. S'ils nous demandent quelque chose, ils sont satisfaits avec une réponse à court terme, puis ils nous mettent dehors. Ils se servent souvent de notre nationalité pour dire du mal de nous. Ils sont tous Canadiens et il n'y a pas de Canadiens ici au service des Recherches.»

Une des personnes du service des Recherches qui a un doctorat décrit un incident qui illustre la mauvaise manière dont ils sont traités à Quinault. Il devait réaliser quelques essais à l'usine de Quinault et, pour ce faire, rester là-bas trois semaines. D'habitude toute personne qui se rend à Quinault séjourne dans une maison que possède la compagnie, à condition qu'il y ait de la place. À son arrivée, on lui dit qu'il devrait rester dans un motel en ville. Selon ses informations, personne n'était en visite à Quinault à ce moment-là et donc la maison de la compagnie était libre pendant toute cette période. Le groupe des chercheurs pensait qu'il s'agissait là encore d'une de ces «gentillesse» du directeur de l'usine. En fait, l'auteur de ce cas a pu vérifier de source sûre, du directeur responsable de l'utilisation de la maison, qu'au cours de la période en question, la maison était totalement occupée par un groupe de clients importants à qui on offrait généralement de profiter de la maison pour aller à la pêche en cette période de l'année.

D'autres problèmes ont encore surgi entre les deux groupes à propos d'une différence de vue sur des essais qui avaient été réalisés sur des machines dans les usines. Les opérateurs de machines pensaient que les gens des Recherches devaient savoir quels résultats ils voulaient obtenir tandis que les gens des Recherches se plaignaient que les gens de l'usine ne comprenaient pas ce que ça voulait dire que d'avoir une orientation de recherche. Un homme de l'usine avait dit: «Ces gens des Recherches gâchent toujours tout quand ils font leurs essais» alors que les gens des Recherches accusaient ceux de l'usine de résister à tout changement et de ne pas être réceptifs aux idées nouvelles.

À côté des projets de recherche menés par les laboratoires et des sondages de type consultation à la demande des directeurs des usines, ou des directeurs techniques, le service des Recherches effectuait d'autres tâches. L'une de ces tâches consistait

à standardiser les essais utilisés pour évaluer la qualité du papier et à calibrer les instruments utilisés pour réaliser ces essais. Il y avait plusieurs normes reconnues à l'échelle nationale pour mesurer la couleur, la brillance, la force, la porosité, l'opacité, le contenu d'humidité du papier, etc. Il était très important d'avoir des instruments uniformes et fiables pour s'assurer que la qualité du produit fini à l'usine répondait aux besoins du client. Certains de ces essais devaient être menés selon certaines conditions particulièrement contrôlées et qui demandaient souvent d'utiliser une pièce climatisée. L'usine de Quinault était la seule dans tout le groupe du papier à ne pas avoir de pièce climatisée pour faire les essais. Une telle pièce, selon les estimations du service des Recherches, coûterait environ 10 000 \$. L'essai de la brillance à l'usine de Quinault était produit par un manufacturier différent de celui utilisé dans les autres usines. Ces facteurs semblaient, aux yeux des gens des Recherches, partiellement responsables de certaines des divergences de vues qui surgissaient au sujet de la qualité du produit qui sortait de l'usine de Quinault. Bob MacCaulay voyait les choses de la manière suivante:

«Les Recherches s'appuient sur des conditions et procédés standardisés et les gens de Quinault ne les respectent pas. Notre personnel de ventes a beaucoup de difficultés à obtenir un tonnage pour l'usine de papier journal que nous construisons dans le sud à cause de la mauvaise qualité du papier journal produit à Quinault. La raison pour laquelle Quinault travaille à pleine capacité alors que les autres usines de papier journal de la région sont à court est due au fait que notre personnel de vente doit prévoir un certain tonnage pour le moment où la nouvelle usine ouvrira ses portes. Nos deux plus gros clients en papier journal disent que notre papier est celui qui se débite le moins bien. Il y a quelque temps, j'ai adressé une note interne à Quinault au sujet du débit et de l'humidité et ils s'en sont offusqués. Ils ont refusé depuis lors, en signe de punition, de m'envoyer les résumés des résultats des essais. Ils pensent que je voulais faire ressortir dans ma note de service interne des choses qu'ils savent déjà. Bon, tout le monde sait qu'il y a une relation étroite entre le débit et le degré d'humidité. Toute l'affaire vient du fait qu'ils ne prennent pas de risques et n'utilisent pas les bons instruments. Ils gardent ainsi le degré d'humidité trop bas, ce qui ne facilite pas le débit sur la chaîne.»

Le seul rôle joué par le service des Recherches que le personnel technique de Quinault acceptait était celui de payer une cotisation commune aux différentes industries et associations, réduisant ainsi les coûts. Certains d'entre eux pensaient également qu'il serait utile d'avoir un équipement d'essai standardisé au service central des Recherches, tandis qu'un plus petit nombre était d'accord que les Recherches devraient se préoccuper uniquement d'élaborer des sous-produits vendables et des catégories de papier entièrement nouvelles. Deux fois par an, il y avait une réunion des directeurs d'usine, des directeurs techniques des usines, du directeur des Recherches et de certains de ses collaborateurs. Les directeurs des usines recevaient un rapport mensuel de recherches décrivant les progrès de chacun des projets en cours. Au cours des 18 derniers mois, les directeurs techniques à l'usine avaient commencé à adresser des rapports techniques mensuels au service des Recherches; Quinault avait été la dernière usine à adopter cette méthode. Bob MacCaulay disait: «Le rapport technique de Quinault est écrit par Tom Moe. On ne peut pas vraiment dire que c'est un rapport technique car il ne comporte aucune donnée - c'est juste une narration du bureau du directeur de l'usine.»

En 1968, on avait fait une modification majeure à l'une des machines de papier de Quinault. C'était le travail le plus important que la section de l'Ouest du service du Génie central avait jamais effectué; le contrat total s'élevait à 2,9 millions de dollars. Le directeur du service du Génie central percevait la situation ainsi:

«Tom Moe était sceptique au début, mais les travaux se sont très bien déroulés. Il respecte la compétence technique. Maintenant, je crois que Quinault est l'usine qui collabore le mieux.»

Le directeur technique de Quinault dit que quelques problèmes de démarrage, après l'introduction des modifications, auraient pu être éliminés s'ils avaient été mieux informés et davantage consultés par le service du Génie central. Tom Moe ajoutait: «Nous n'avons pas de problème réel avec le service du Génie central.»

En janvier 1969, le vice-président de la fabrication du papier, qui s'inquiétait aussi de l'organisation de la recherche demande aux directeurs des usines de papier, aux deux directeurs généraux, au

directeur des Recherches et à son adjoint de soumettre leurs commentaires écrits sur les sujets suivants:

- 1) La philosophie générale et les objectifs de base des Recherches et de la mise au point axés vers l'amélioration du procédé;
- 2) l'augmentation, ou autres modifications, dans la composition du personnel du service des Recherches et des services techniques des usines;
- 3) la suggestion de projets de recherches pertinents à être effectués par le service des Recherches;
- 4) la meilleure localisation possible du service des Recherches.

Les suggestions qui suivirent cette demande s'échelonnèrent entre la création d'un nouveau laboratoire de recherches pour répondre aux besoins des usines de la Côte Est (suggestion faite par un membre du service des Recherches), à l'abolition du service des Recherches (suggestion faite par Tom Moe).

Curtis voulait voir le conflit entre le service des Recherches et l'usine de Quinault résolu. Il pensait que la solution faisait partie intégrante de ses responsabilités. Il savait que Quinault était l'usine la plus rentable de la compagnie et que ceci était dû en grande partie à la compétence de Tom Moe. Il pensait aussi que l'usine de Quinault ne perdrait rien de son volume de production ni de ses bénéfices à la suite de l'ouverture de la nouvelle usine. Toutefois, la santé à long terme de l'usine et l'amélioration de la qualité nécessitaient l'amélioration des relations entre les Recherches et Quinault. Il résumait ainsi le problème:

«Une bonne partie des problèmes, c'est Tom Moe, à cause de sa personnalité et de ses préjugés. C'est aussi Bob MacCaulay. Il est rapide, mais il pousse quelquefois à l'extrême. C'est donc en partie un problème de personnalité. Mais c'est surtout Tom car il a également des problèmes avec d'autres personnes que Bob.

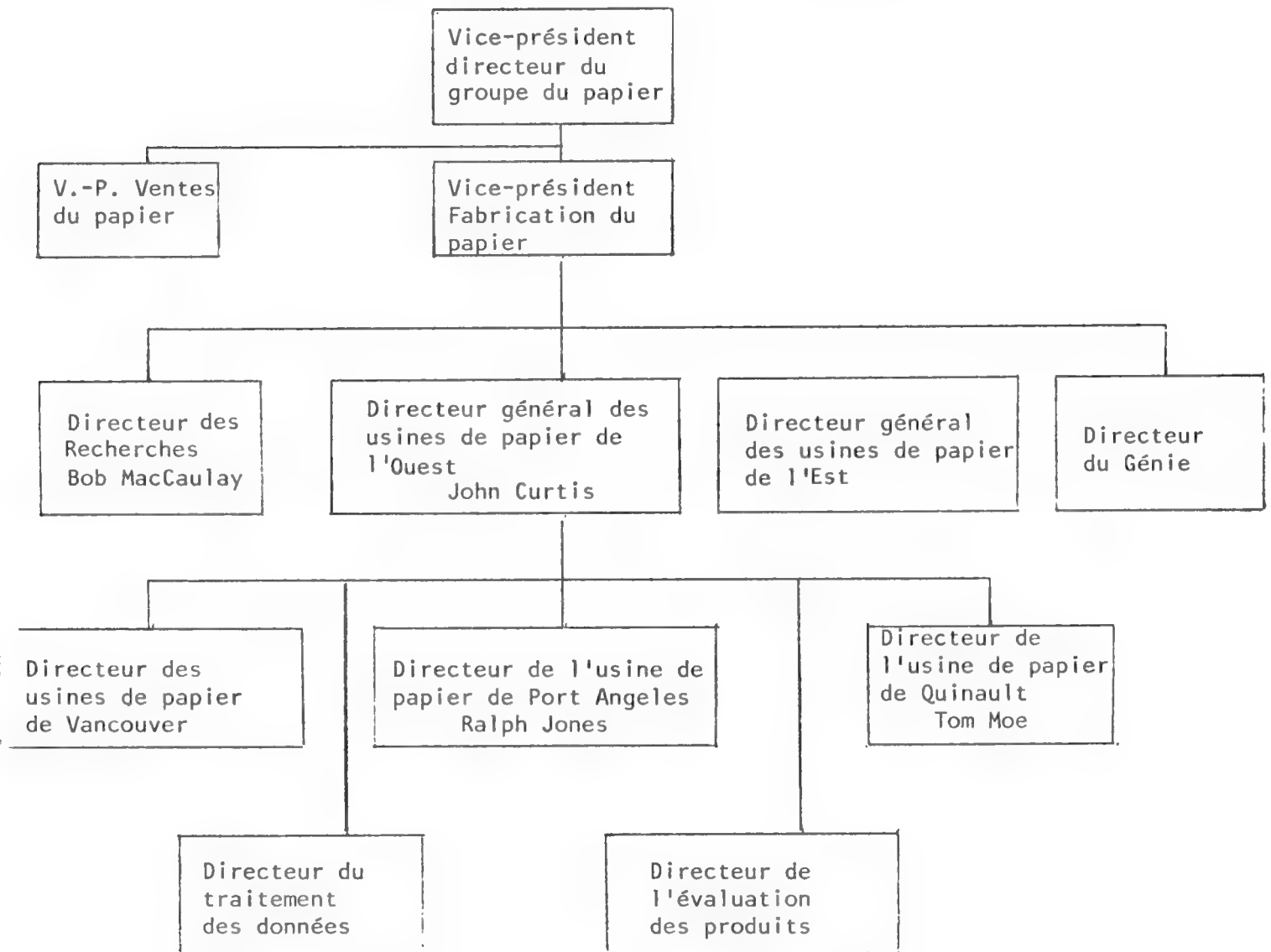
Je crois que Tom doit se sentir insécure bien qu'il n'y ait aucune raison pour cela. S'il pouvait seulement travailler en équipe, pour profiter des connaissances et de l'expérience des autres, il serait notre meilleur directeur parce qu'il est hors de doute que c'est notre meilleur technicien en papier.»

Curtis avait discuté de ce problème, à plusieurs reprises avec John Dumont, vice-président de la fabrication du papier. À la suggestion de Dumont, Curtis avait également discuté du problème avec le nouveau directeur du personnel de Mayflower, Phil Hanson, qui avait récemment eu un doctorat en comportement organisationnel au Stanford Business School. Hanson avait offert son aide pour résoudre ce problème. C'est pourquoi Curtis se demandait ce qu'il devrait faire lui-même ou comment il pourrait faire participer Dumont ou Hanson.

Annexe 1

LES USINES DE PAPIER MAYFLOWER

Organigramme partiel du groupe du papier



Annexe 2

LES USINES DE PAPIER MAYFLOWER

Statistiques d'exploitation récentes de l'usine de Quinault

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969 (6 mois)</u>
Production (tonnes)	218 548	239 915	239 949	130 410
Ventes nettes	28 582 436 \$	31 896 698 \$	32 520 552 \$	17 928 430 \$
Bénéfice *	7 791 053 \$	7 880 985 \$	7 732 235 \$	4 844 880 \$
Rendement du capital investi **	27,7%	29,5%	29,5%	35,9%

* Avant frais généraux, de vente et d'administration et avant impôts.

** Rendement sur capital investi: $\frac{\text{Bénéfice avant impôts}}{\text{Investissement total}}$

Annexe 3

LES USINES DE PAPIER MAYFLOWER

Extraits du rapport publié par la Banque Toronto-Dominion
sur l'industrie du papier et dérivés au Canada *

Pâtes et papiers
Production intérieure canadienne 1964-1968

	1964		1965		1966		1967		1968	
	1	2	1	2	1	2	1	2	1	2
Expéditions des manufacturiers	1984	+10,6	2104	+ 6,0	2345	+11,4	2356	+ 0,5	2426	+ 2,8
Moins: Exportations	<u>1359</u>	+11,6	<u>1432</u>	+ 5,4	<u>1576</u>	+10,0	<u>1595</u>	+ 1,2	<u>1718</u>	+ 7,7
	625		672		769		761		708	
Plus: Importations	<u>65</u>	+ 8,5	<u>72</u>	+10,9	<u>71</u>	- 2,1	<u>70</u>	- 0,6	<u>78</u>	+10,5
Approvisionnement intérieur	690	-17,4	744	+ 7,8	840	+12,9	831	- 1,1	786	- 6,4
% d'exportations des manufacturiers (B/A)	68,5		68,1		67,2		67,7		70,8	
% d'importations dis- ponibles au Canada	9,4		9,7		8,5		8,4		9,9	

- 1) Valeur en millions de dollars. Source: Basé sur les chiffres de DBS.
2) Évolution du pourcentage par rapport à l'année précédente.

* Comprend pâtes et papiers, toitures d'asphalte, cartonnages et sacs, et divers substituts du papier.

Conclusion

L'accroissement rapide des salaires, comparativement aux prix de vente de l'industrie, particulièrement en 1966 et 1967, est certainement responsable de la réduction des bénéfices nets au cours de ces années. De plus, l'investissement croissant de capital, en 1964 et après, a entraîné un excédent de la capacité de production de papier journal et de pâte chimique. La tendance semble toutefois montrer que les conditions de l'année en cours devraient progresser avec l'amélioration des exportations. M. R.M. Fowler, président de l'Association canadienne des pâtes et papiers, dans son discours annuel de janvier 1969, disait: «Toutefois, vers la fin de 1968, certains signes montraient que les problèmes qui avaient touché l'industrie au cours des deux dernières années, problèmes de croissance, étaient certainement en train de se résoudre. En particulier, les marchés mondiaux étaient considérablement plus forts, et pour l'avenir immédiat, la demande mondiale de papier journal et de pâte semble vouloir augmenter plus rapidement que la capacité de production.»

Certains articles parus dans les journaux montrent que certaines parmi les plus grandes compagnies de pâtes et papiers s'attendent à des bénéfices accrus cette année, et ces articles mentionnent également un accroissement probable du prix des produits dérivés des pâtes et papiers quelque part dans le courant de l'année.

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MAYFLOWER PAPER MILLS

John Curtis was anxious about the pace of technical innovations in the three paper mills for which he was general manager. The mills had their own technical staff but for more long-term development and more sophisticated work there was a small Research Department that the three mills under Curtis shared with the Mayflower Company's other four mills on the East Coast. "I am not really sure," he said, "that we have found the best way of organizing research and development work for the mills. The Research Department seems to work pretty well with most of the mills but there is really no cooperation with the mill at Quinault. In fact, the mill manager at Quinault thinks that Research is useless and I find it difficult at the moment to persuade him to cooperate with them when his mill is the most profitable in the group." (See Exhibits 1 and 2.)

Curtis added, however, that even though the Quinault mill was working at full capacity, the newsprint sheet produced there was only of medium quality. The quality of the paper produced depended on many variables, such as fiber length, pulp consistency, machine speed, temperature, and water flow. The manipulation of these variables determined weight, finish, thickness, softness, and moisture of the finished product. In the past the quality of the paper produced had depended entirely on the skill and experience of the machine operators as they adjusted the process variables. This dependence on human ability, while still important, was decreasing, however, as scientific knowledge about the factors influencing quality increased.

Curtis was mainly concerned about the lack of cooperation between the Quinault plant and the Research Department. "There is a real running battle between the Quinault mill manager, Tom Moe, and the Director of Research, Bob MacCaulay," he said, "and although I think it might be having some harmful effects on our operations long term, I don't know how to resolve the problem. I do think that the friction between Research and Quinault has had some bad effects on technical innovations in the mill, but I can't say that they are really significant. We should have something to gain if Research had full access to Quinault. But all the things we want Research to do up there have been solved by the mill technical people."

This case was prepared by Neil Millward, visiting scholar, at the Harvard Business School under the direction of Associate Professor Jay W. Lorsch. It was written as the basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation.

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The Mayflower Company

The three mills under John Curtis were part of a large and diversified "conglomerate" with sales of over one billion dollars in 1968. Mayflower corporate headquarters were located in Portland, Maine. The communications papers segment of the company's business, of which the paper mills were a part, contributed \$130 million in sales and 13% of the company's profits in 1968.

. . . Mayflower paper mills produced 476,000 tons of communication papers during 1968 at 7 locations. . . . Both the Quinault and Vancouver newsprint mills operated at peak capacity despite the general leveling of US newsprint demand that characterized the 1967-1968 period. Newsprint accounts for just over half of Mayflower's communication paper production and is the largest single paper tonnage item produced by the company.

Of the seven mills in the communications papers group, the three western mills had originally been owned by the Washtenaw Pulp and Paper Company, either directly or through a wholly owned Canadian subsidiary. The Pulp and Paper Company was acquired by Mayflower in December 1964. Its assets consisted of three papers mills, one at Port Angeles, Washington, one just across the straits at Vancouver, British Columbia, and the third one, 150 miles north at Quinault, British Columbia, and research facilities in Port Angeles. The four original Mayflower mills were located on the East Coast.

Among the paper companies in the United States Mayflower ranked about average for introduction of new products; compared to companies with an equal sales volume, Mayflower was below average. Curtis believed that this was because management of the ten-year-old company was more concerned with current earnings than with future earnings which might accrue from investment in research.

Curtis had been manager of one of the Mayflower company's East Coast mills before becoming general manager of the three western mills. He had worked in the industry ever since he had obtained his degree in Pulp and Paper Technology, except for two years spent with the U. S. Army. He attended the Program for Management Development at Harvard six months after taking up his new appointment as general manager of the western mills in May 1967. Curtis maintained that a mill manager did not need to have a high degree of technical knowledge about paper making, but it was essential to have had some experience in the industry.

After the acquisition, the research laboratories at Port Angeles began to serve all seven of Mayflower's paper mills with the director of research reporting to the vice president of paper manufacturing. In January 1969 the director of research was Bob MacCaulay. After receiving his Ph.D. in Chemical Engineering, MacCaulay had started work in the research laboratories of Washtenaw Pulp and Paper and subsequently became laboratory manager. Within a year of the acquisition of Pulp and Paper by Mayflower he was made director of research for the paper group.

? Tom Moe, the Quinault Mill Manager, had worked in the paper industry ever since he graduated as a chemical engineer in 1946. Early in his career he worked in Alberta in a newsprint mill and gradually worked his way up until he became technical director of the mill. When personal friction with some machine tenders in the mill caused him to resign, he joined another firm of paper manufacturers as a superintendent and was put in charge of starting up two new paper machines. Later on, when another company in British Columbia required an experienced man to start up a rebuilt paper machine he joined them as mill general superintendent and subsequently became mill manager. Some time later the problem of placing his children in a suitable school in a remote area caused him to look around for another job. He was appointed general superintendent of Mayflower's Vancouver Mill in December 1964. Within a year he was promoted to mill manager and then in June 1967 was appointed manager of the company's other Canadian paper mill at Quinault, British Columbia.

Tom Moe had become general superintendent of the Vancouver Mill on the day that the merger of Washtenaw Pulp and Paper with Mayflower was consummated.¹ Bob MacCaulay recollected that he was working on a problem with one of the pulp screens at Vancouver at the time that Moe was appointed. A small committee of technical and production people was discussing the screen problem and the question arose as to whether they should invite Tom Moe to the meeting. MacCaulay said he thought the new superintendent would be too busy settling into his new job and so Moe wasn't invited. MacCaulay recalled that when Moe had found out about this he was very resentful and had held a grudge against him ever since.

Organization of the Paper Group

Exhibit 1 shows the formal positions of these two men in the management hierarchy of the paper group. The organization of the Mayflower Paper Group, comprising the seven mills and a number of service departments, was a complex one, involving differences in geography, product, nationality, technology, and date of acquisition. In financial terms, the paper mills were considered profit centers while the various service departments such as sales, research and engineering, were considered cost centers to the group. Both the Research Department and the Central Engineering Department received budget allocations from the vice president of paper manufacturing. Funds were also channeled from a particular mill to either of these departments if the project undertaken was specific to that mill only. For instance, when the Central Engineering Department did the design and commissioning for the rebuilding of a paper machine at the Quinault Mill the cost for this activity was charged against the mill. Similarly, when a mill manager requested that somebody in the Research Department carry out an investigation that was specific to his mill, the time spent by the Research Department was charged against the mill. A limit of 25% of the total time available to research personnel was to be used in this way, but this limit had never been reached.

¹The general superintendent was responsible for the day-to-day operations of the mill's manufacturing departments and reports to the mill manager.

The Research Department at Port Angeles was small, with assets of approximately \$600,000 at replacement cost. Besides Bob MacCaulay, the Director, there were nine professional engineers or chemists, including four Ph.D.'s and about twelve technicians and supporting staff members. In contrast, each of the seven paper mills represented an average investment of over \$20,000,000 and each employed between 400 and 800 men. In 1969 the budgeted net sales for the seven paper mills were \$160,000,000, while budgeted expenditure of the Research Department was \$360,000.

In the early part of 1969 there were 16 projects on which research personnel were working. Of these, six were applicable to all seven paper mills, four others were applicable to either three or four of them, and the remaining six were each relevant to one mill only. Some of the more important projects were concerned with increasing the yield of pulp, general explorations into the chemical and physical characteristics of pulp from different species of wood, the development of new or improved finishes, and the improvement of testing procedures for new grades of paper. Bob MacCaulay described the nature of some of these projects:

Most of the work we do now is on a pretty short-term basis and involves no real risk. We aren't really doing any new developments. The Washtenaw Pulp and Paper management had a longer term outlook and in their research department some completely new products were developed. The Mayflower management are much more short-term oriented and although things look good at the moment I think we might suffer long term from some of the decisions that have been made. For instance, last year we dropped our membership in the Canadian research center of the Institute of Paper Chemistry because of the high cost of subscription.

Managers of the paper mills which used the Research Department were asked about their attitude toward the Research Department. Tom Jacobs, Manager of the Vancouver Paper Mill, said:

The people in the Eastern mills have a poor opinion of research, but the people here in my mill think highly of them. Charging for research time against the individual mill's profits doesn't affect or deter our use of them.

The Manager of the Port Angeles Mill, Ralph Jones, said:

We are working on three or four new grades with Research. We do a lot of work with them, in fact I get a bill from them every month.

MacCaulay explained why it was that some of the paper mills used the Research Department more than others:

We do most of our work for the three mills here that used to be part of the old Pulp and Paper organization. At times our work with the mills over on the East Coast has been pretty small because of the distance, but relations with them are cordial and now our contacts with them seem to be increasing. Ralph Jones, the Manager of the Port Angeles Mill, drives us crazy with requests to carry out investigations and we also do a fair amount of work for the Vancouver Mill. But Quinault people prefer to go their own way - they think the research people are spies. We got on fine with the people at Quinault when Ralph Jones was manager there but when Tom Moe moved up there from Vancouver they cut us right out.

Tom Moe explained why:

My job as resident manager of the Quinault Mill is to run the mill, within the budget objectives and the goals set by top management, as a unit profit center. I see myself as a sort of team captain and I am trying to develop the people we have here so that the mill can be self-sufficient. If we haven't got enough people or we haven't got people with the specialized skills for a particular job then we go outside: for instance, we might get people from the Central Engineering Department or hire some outside consultants. The tendency now in the corporation is to say that you should give Central Engineering preference over outside consultants because we are paying the overhead anyway and it is good training for the engineers in the corporations. Personally, I try to get my own people here in the mill to do as many of the jobs as possible so that they can learn from the experience and build up technical expertise. Anyway, the same concept that applies to the use of Central Engineering is supposed to apply to Research. So if we have a job up here that we don't have the expertise to handle I could go to Research and ask them to help us out. But they don't like working under that arrangement. Before Washtenaw Pulp and Paper was taken over by Mayflower quite a few research projects were started without consultation with the mills and so they have got used to doing jobs which the mill managers haven't asked them to do. I feel that the Research people want to run the mill technically and not accept the responsibility for it.

I am trying to achieve a balance of technical and practical skills for the mill superintendents and the mill technical staff. The mill superintendents are the people who should define research problems. No man can serve two masters; how can the superintendents be carrying out tests for Research and running the machines in the most profitable way for the mill?

I have never asked the Research people to do anything for us since I have been here. But I have got research questions ironed out by our suppliers; for instance, we get a lot of chemicals from Dow and they have helped us improve our utilization and reclamation of pulping chemicals. For other problems I will talk with my friends in other paper mills around the country. I know a lot of people in Canada through the paper industry associations and going to conventions and through working for different companies. We all try and help each other out as much as we can.

The Research Department here is on much too small a scale to be of any use. The Research people have an 8 to 4 job and that's a pretty soft touch compared with the technical people at the mill. I reckon the Research people make work so that they can stick to their soft jobs.

The ill feelings between Bob and Tom, and between their respective subordinates, were well known around the organization. The manager of Data Processing described what happened when he worked on a job with the two men themselves.

We were setting up a new quality control system for the newsprint that we shipped from Quinault down to one of the large daily newspapers in California: Bob was involved because the Research Department collects quality data on the paper from all the mills so that it can do standard statistical tests and maintain standardized test procedures. They didn't get along very well together. Whenever Bob made a suggestion Tom told him to stop telling him how to run his mill. One of the troubles is that Tom gets too involved with all the tiny details. When we were putting in that system we just couldn't have a meeting without Tom being there. He's a very hard-working guy but he just oversupervises. For instance, we had a small problem with data cards coming back which did not match the correct rolls of newsprint. Tom insisted on going down and seeing the customer himself to sort out the problem. I don't think the mill manager should need to go and sort out these problems - they aren't important enough for him.

It's a funny thing but Ralph Jones wants to get involved too much in the details as well and they are both Canadians. Perhaps this is one of the differences between Canadian and American managers?

Different people around the organization cited different factors as explaining the conflict between Research and Quinault. Besides the issue of nationality one of the popular explanations rested in the remoteness of the Quinault Mill from Port Angeles. The Research Department, the paper mill at Port Angeles, and the Vancouver Paper Mill were all within walking

distance of each other, whereas the Quinault Mill was 150 miles north of Vancouver and occasionally, under bad weather conditions, it was impossible to get between the two places. Management personnel usually made the journey in a small company-owned plane and this was often grounded because of bad weather. To illustrate this point, it was not until the fourth day of his visit to Port Angeles in January 1969 that conditions were suitable for the casewriter to be flown to Quinault to visit the mill. Such constraints also affected the travel plans of top management personnel of Mayflower so that their appearance at the Quinault Mill was extremely uncommon. In contrast, the facilities at Port Angeles and Vancouver were accessible by regular scheduled airlines.

The Quinault Mill differed from the other two western mills in other respects. Its three high-speed paper-making machines were given over to the continuous production of newsprint. One of the three machines in the Vancouver Mill made newsprint about 40% of the time and all the rest of its machine capacity was used for making specialty papers.¹ A further difference was that, at least during the financial year 1968, Quinault was the most profitable mill in the group. In fact, some of the managers in the group said that Quinault "prints money."

Bob MacCaulay put it this way:

Because of the annual bonus system, which is related to the earnings per share of the total corporation, it is in my interest that the Quinault Mill makes more money, the same as it is for all the mills. The trouble is that they are making money so if you try to do any work there they think you are interfering.

The antagonism between the Research Department and the Quinault Mill was not confined to the two managers involved. The technical director of the Quinault Mill described how he dealt with technical problems.

My department is involved in all the technical aspects of the mill. This includes production, shipping, quality control, testing, and even statistics on the supply of pulpwood. We would like to think that technically we are self-sufficient here. If a problem arises that is outside our scope then I take it to the mill manager and he decides how it will be dealt with. The trouble with Research is that they feel the whole mill should be open for their investigation. We had some trouble with them recently over a screening improvement. We thought we had the expertise to deal with the problem and they thought they had more data avail-

¹ Specialty papers are those papers which are further processed by the customer to make a finished product.

able on which to base a decision. Well, anyway, we did the work on it and were able to successfully improve the process. Research shouldn't be involved with in-plant problems, they should be developing new processes and new products. Research should be technically ahead of the mills. The trouble is that they do not have the resources to do new product development.

A young chemist, with about three years experience at the Quinault Mill, had this to say:

When I first worked here as a summer student there were people up here from Research working all the time. I worked with some of the guys from Research sometimes but I never really learned anything from them. Since I came here to work permanently two years ago the mill has become much more self-sufficient, from a technical point of view. If we get into trouble we usually talk to people we know in other paper mills and ask them how they solved the problem. It's a really friendly industry, the paper industry.

Typical of the views of the professional engineers and chemists from the Research Department was the following:

We really have wonderful cooperation with the people in the mill here at Port Angeles but if we go up to Quinault we get the feeling that we are not wanted. Tom Moe has a technical background and he thinks he knows it all. When they had a new technical director up there at first he was quite okay but now he is as bad as the rest. We get better cooperation with the mills over on the East Coast than we do with Quinault. If they ever ask you anything they are just satisfied with a short-term answer and then they shut you off. Often they use our nationality as a justification for insulting us. They are all Canadians and there are no Canadians here in the Research Department.

One of the Ph.D.'s in the Research Department went on to describe an incident which he said showed the "bad way" in which they were treated by the people at Quinault. He had performed some tests at the Quinault Mill which involved staying there for three weeks. Usually anyone visiting Quinault stayed in the company staff house, provided there was room. When he arrived he was told that he had to stay in a motel in the town. As far as he could find out there were no people visiting the mill who would have been occupying the staff house during that period. The group of researchers suspected that this was just another case of "cussedness" on the part of the mill manager. In fact, the casewriter was able to ascertain from the staff house manager and the records in the guest register that at the particular period in question the staff house had been completely occupied by a party of important customers who were normally offered the facilities of the staff house for fishing trips at that time of the year.

Problems also arose between the two groups because of different outlooks towards tests that were carried out on the machines in the mills. The machine operators thought that Research people should be sure of the results of what they were going to do, while the Research people complained that this showed that the men in the mill had no understanding of what it meant to have a research orientation. A mill hand said: "Those guys from Research always muck us up when they do their tests," while the researchers accused the men in the mill of being resistant to change and unreceptive to new ideas.

Besides the research projects carried out in the laboratories and the consulting-type investigations requested by mill managers or their technical directors, the Research Department carried out other activities. One important activity of the Research Department was to standardize the tests used for assessing paper quality and to calibrate the instruments used to perform these tests. There were many nationally recognized standards for paper color, brightness, strength, porosity, opacity, moisture content, ash content, etc., that made it important to have consistent and reliable instruments to insure that the quality of the finished product from the mill met customers' requirements. Some of these tests had to be carried out in specially controlled conditions and often required the use of an air-conditioned room. The Quinault Mill was the only mill in the Paper Group which did not have an air-conditioned room for test purposes. Such a facility was estimated by the Research Department as costing approximately \$10,000. The brightness tester at the Quinault Mill was made by a different manufacturer than those used in all the other mills. These factors were regarded by the Research personnel as being partly responsible for some of the disputes they had about product quality with Quinault Mill personnel. As Bob MacCaulay put it:

The basis of research is standardized conditions and procedures and the people at Quinault don't use them. Our sales people are having a bad time getting tonnage for the newsprint mill that we are building in the South because of the poor quality of the Quinault newsprint. The reason why Quinault is full when other newsprint mills around the country are working on short time is that our sales people are building up the tonnage for when the new mill opens. Our two biggest newsprint customers say that our paper is the poorest for runability. Some time ago I sent Quinault a memo about runability and moisture content which they took offense at. They have been refusing to send me the summary of test results ever since as a punishment. They thought my memo was trying to tell them things that they knew. Well, everyone knows that runability and moisture content are related - the whole point is that they play it safe and don't use proper instruments. So they keep the moisture content too low and won't ease it up to the line.

The one function that the Research Department carried out which Quinault technical personnel agreed was useful was that of paying for a joint membership of the various industry and technical associations, thus

reducing costs. Some of them also agreed that it would be useful to keep test equipment standardized through a central research department while a smaller number maintained that Research should be concerned with developing marketable by-products and totally new grades of paper. Twice per year there was a meeting of all mill managers, mill technical directors, the director of research and some of his professional staff. The mill managers received a monthly research report that described progress being made on current projects. Within the last year and a half technical directors at the mill had started sending monthly technical reports to the Research Department; Quinault was the last mill to adopt this practice. Bob MacCaulay said, "The technical report from Quinault was written by Tom Moe. You can't really call it a technical report because it contained no data - it was really just an essay from the manager's office."

In 1968 a major rebuild was completed on one of the paper machines at Quinault. This was the largest job that the western section of the Central Engineering Department had ever handled and the total contract involved 2.9 million dollars. The manager of the Central Engineering Department had this to say about the rebuild:

Tom Moe was skeptical to start with but the job worked out well. He respects technical competence. Nowadays I think Quinault is the best mill for cooperative effort.

The technical director at Quinault said that a few of the start-up problems after the rebuild could have been eliminated if they had been better informed and consulted by the Central Engineering Department. Tom Moe added, "We don't have any real problems in dealing with Central Engineering."

In January of 1969 the vice president of paper manufacturing who was also concerned about the research organization asked the paper mill managers, the two general managers and the director of research and his assistant to submit their written comments on the following topics:

- 1) The guiding philosophy and basic objectives of research and development directed toward process improvement,
- 2) Increases, or other changes, in the personnel requirements of the Research Department and the technical departments at the mills,
- 3) Suggestions for suitable research projects to be carried out by the Research Department,
- 4) The best location of the facilities of the Research Department,

The suggestions made as a result of this request ranged from the establishment of a new research laboratory to serve the East Coast mills (made by a member of the Research Department) to the abolition of the Research Department (made by Tom Moe).

Curtis wanted to see the conflict between the Research Department and the Quinault Mill resolved. He felt that such a resolution was his responsibility. He knew that Quinault was the most profitable mill in the company and that this was due to some extent to Tom Moe's skill. He also felt that the Quinault Mill would not lose volume or profit when the company's new mill opened. Yet the long-term health of the mill and improvement of quality necessitated better relations between Research and Quinault. He summarized his problem this way:

A lot of the problem is with Tom Moe, because of the way he is - his hang-ups. It's also Bob MacCaulay. He is quick, but somehow intense. So it's partly a personality clash. But it's mainly Tom, because he has problems with other people besides Bob.

I think Tom must feel really insecure although he has no reason to. If he would work with staff groups to get the benefit of their knowledge and experience he would be the best manager we have because he is without question the best paper man.

Curtis had discussed this problem on numerous occasions with John Dumont, Vice President of Paper Manufacturing. At Dumont's suggestion Curtis had also discussed the problem with Mayflower's new Corporate Director of Personnel, Phil Hanson, who had recently acquired his Ph.D. in Organizational Behavior from the Stanford Business School. Hanson had offered to help with the problem in any way he could. Curtis therefore wondered what he might do himself - or how he might involve Dumont and/or Hanson in solving the problem.

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Exhibit 1

MAYFLOWER PAPER MILLS

Part of Organization Chart of Paper Group

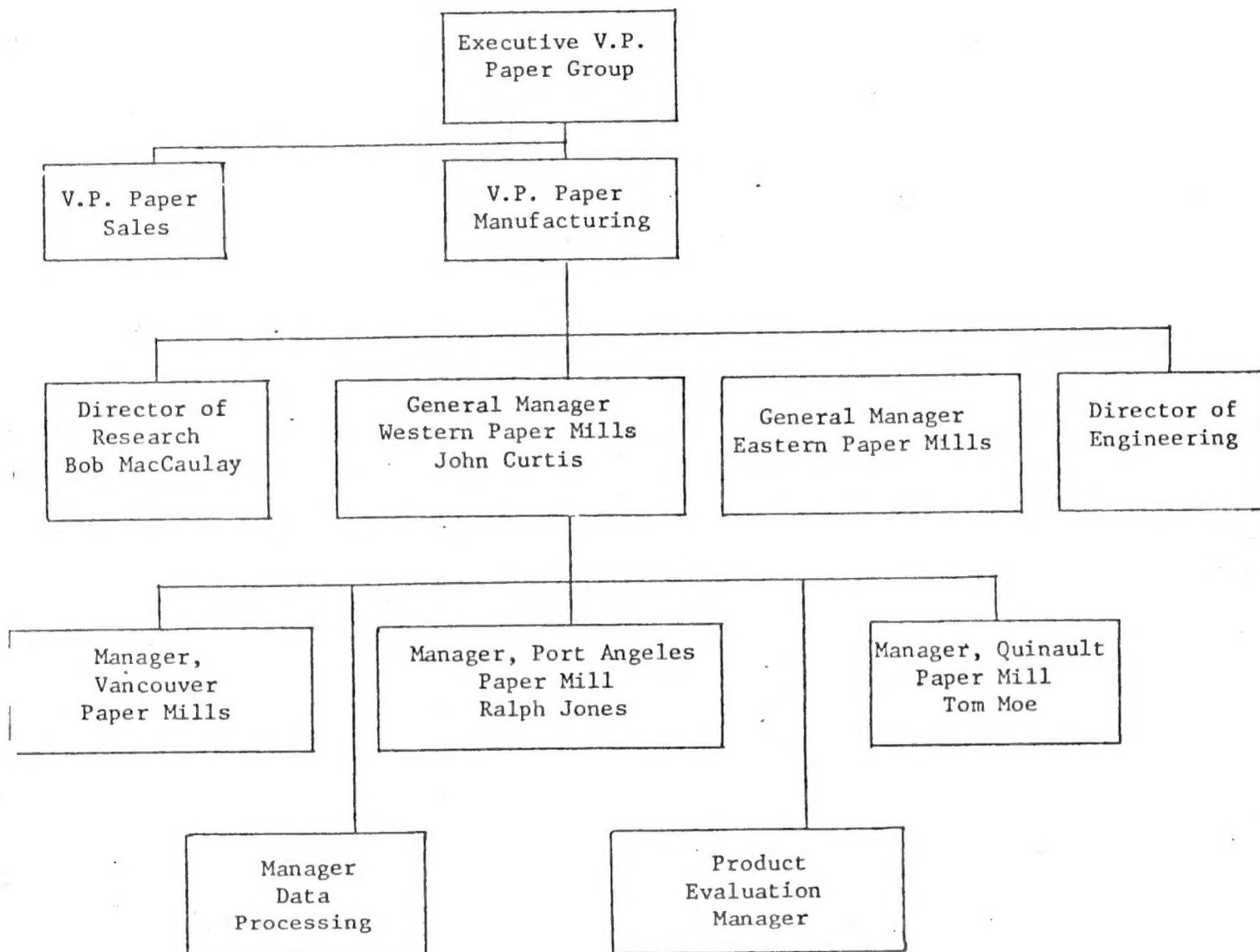


Exhibit 2

MAYFLOWER PAPER MILLS

Recent Operating Statistics for the Quinault Mill

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969 (6 Mos.)</u>
Production (Tons)	218,548	239,915	239,949	130,410
Net Sales	\$28,582,436	\$31,896,698	\$32,520,552	\$17,928,430
Income*	\$7,791,053	\$7,880,985	\$7,732,235	\$4,844,880
R.O.I.**	27.7%	29.5%	29.5%	35.9%

*Before GS&A and before tax
pretax income

**R.O.I = $\frac{\text{pretax income}}{\text{total investment}}$

MAYFLOWER PAPER MILLS

Excerpts from a Report Issued by Toronto Dominion Bank on
Paper and Allied Industries in Canada*Pulp and PaperCanadian Domestic Supply 1964 - 1968

	<u>1964</u>		<u>1965</u>		<u>1966</u>		<u>1967</u>		<u>1968</u>	
	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
Manufacturers' Shipments	1984	+10.6	2104	+ 6.0	2345	+11.4	2356	+ 0.5	2426	+ 2.8
Less: Exports	<u>1359</u>	<u>+11.6</u>	<u>1432</u>	<u>+ 5.4</u>	<u>1576</u>	<u>+10.0</u>	<u>1595</u>	<u>+ 1.2</u>	<u>1718</u>	<u>+ 7.7</u>
	625		672		769		761		708	
Add: Imports	<u>65</u>	<u>+ 8.5</u>	<u>72</u>	<u>+10.9</u>	<u>71</u>	<u>- 2.1</u>	<u>70</u>	<u>- 0.6</u>	<u>78</u>	<u>+10.5</u>
Domestic Supply	690	-17.4	744	+ 7.8	840	+12.9	831	- 1.1	786	- 6.4
Exports as a percentage of Manufacturers' Shipments (B/A)	68.5		68.1		67.2		67.7		70.8	
Imports as a percentage of Domestic Supply (C/D)	9.4		9.7		8.5		8.4		9.9	

1. Value in \$ million.

Source: Based on DBS figures.

2. Per cent change over previous year.

*Includes pulp and paper, asphalt roofing, paper box and bag, and miscellaneous paper converters.

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Conclusion

The faster rise of wages, compared to industry selling prices, particularly in 1966 and 1967, no doubt accounts for the reduction in net earnings in those years. In addition, the increasing capital investment in 1964 and after also led to a substantial surplus of productive capacity in newsprint and chemical pulp. Signs are, however, that the current year will see better conditions, with improved exports. Mr. R. M. Fowler, President of the Canadian Pulp and Paper Association, in the annual speech in January 1969, said "Nevertheless, by the end of 1968 there were signs that some of the important problems that have plagued the industry for two years, problems of growth, really, were beginning to ease. In particular, world markets were considerably stronger, and for the immediate future, world demand for newsprint and pulps seems likely to increase more rapidly than productive capacity."

Newspaper reports have appeared that some of the larger pulp and paper companies expect improved profits this year, and newspaper reports also mention a probable rise in the price of pulp and paper products sometime this year.